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## U.S.-China Trade Talks Are Stymied In All Areas

*'Complex' Differences Block Deal on Beijing Effort to Join WTO*

By Erik Eckholm  
New York Times Service

BEIJING — Dampening hopes for a quick agreement on China's entry into the World Trade Organization, American officials said Tuesday that "difficult and complex issues remain across all areas of trade."

American and Chinese officials have engaged in intense negotiations over the last week here over the scale of market-opening concessions China must make to qualify for membership in the global body, which sets trade rules.

After years of impasse, the two sides have recently shown a renewed determination, hoping especially for major progress before Prime Minister Zhu Rongji leaves for an official visit to the United States next week.

The American and Chinese governments both see a trade accord as a political plus in a relationship increasingly strained by disputes over such matters as human rights, charges of nuclear espionage and the bombing in Yugoslavia, which China harshly condemns.

Expectations that agreement was near were raised over the weekend when it became known that the U.S. Trade Representative, Charlene Barshefsky, planned to swoop into Beijing for one day, possibly to push through the final details.

Ms. Barshefsky arrived Monday night and on Tuesday spent a total of five and a half hours talking with a senior trade official, Wu Yi, and Prime Minister Zhu. But on Tuesday evening, as Ms. Barshefsky headed home as scheduled, she issued a written statement saying that although there had been "important progress today in narrowing the issues," there remained "substantial gaps in critical areas."

"The United States will set no artificial deadlines in these negotiations," the statement said.

Another American official said that important differences remained over, among other things, market access for

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## AGENDA

### Connecticut Wins Basketball Crown

The University of Connecticut beat Duke University, 77-74, to win the National Collegiate Athletic Association men's basketball title for the first time.

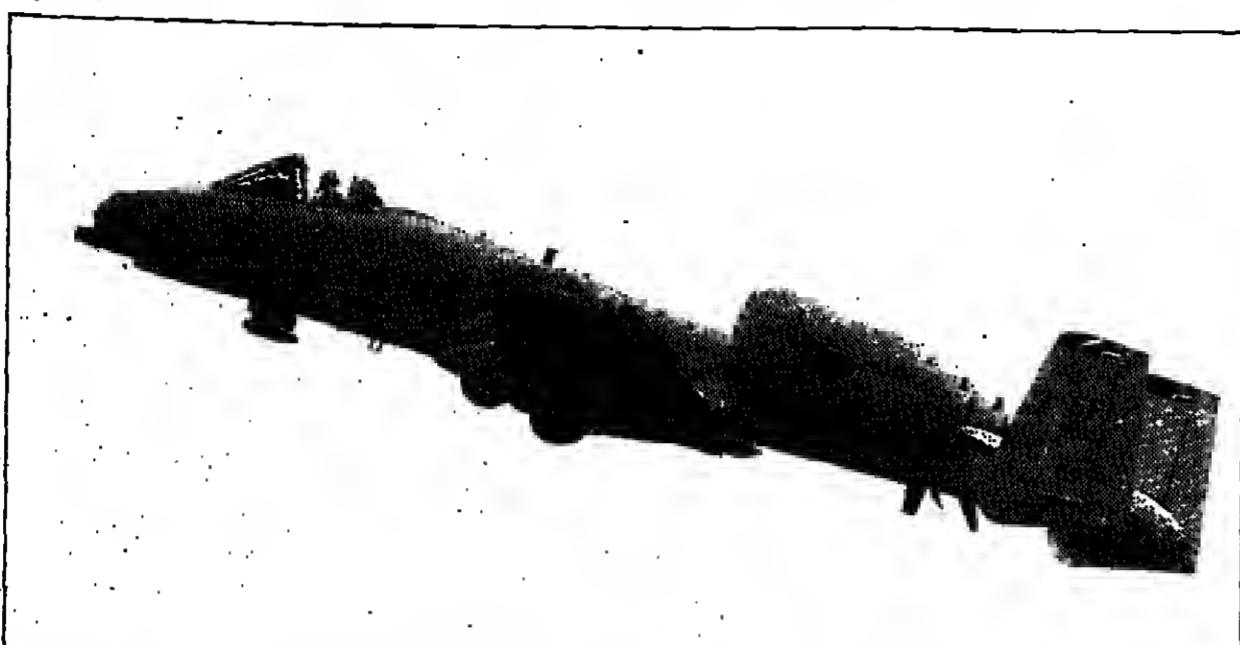
Duke had been the overpowering favorite before the final Monday night in St. Petersburg, Florida, but the Huskies forced two turnovers in the final minute to win a thrilling game. Richard Hamilton scored 27 points for Connecticut and was named MVP. Page 20.

#### The Dollar

New York	Tuesday 8 P.M.	previous close
Euro	1.0717	1.0732
Pound	1.6121	1.6157
Ten	120.25	120.28
DM	1.825	1.8225
FF	6.1208	6.1122
Dollars per pound and per euro		
The Dow		
Tuesday close	percent change	
—88.00	9,340.18	-0.67%
S&P 500		
—7.78	1,304.39	-0.44%
Nasdaq		
—0.88	2,492.18	-0.03%

Books	Page 10.
Crossword	Page 10.
Opinion	Pages 8-9.
Sports	Pages 20-21.
The Intermarket	Pages 17, 20.
The IHT on-line	www.iht.com

Newswires Prices		
Andorra	10.00 FF Lebanon	11,300
Arabia	12.50 FF Morocco	16 DH
Cameroun	1.600 CFA Qatar	10.00 QR
Egypt	5.50 LE Réunion	12.50 FF
France	10.00 FF Saudi Arabia	10 SR
Gabon	1.100 CFA Senegal	1.100 CFA
Italy	3,000 Lire Spain	250 Pes.
Iraq	1,250 CFA Tunisia	1,250 On.
Kuwait	700 Fils U.S. M. (Eur.)	\$1.20



A U.S. A-10, commonly called the 'Warthog', taking off from Aviano, Italy, for targets in Yugoslavia. The low-flying, maneuverable and tough plane is good for mountain attacks on tanks, artillery and infantry.

## Kosovo's Terror, in the Victims' Words

### At 3 Border Posts, Albanians Recount Killings, Threats and Expulsion

By Peter Finn, R. Jeffrey Smith and Daniel Williams  
*Washington Post Service*

KUKES, Albania — She is 85 years old and curled in a fetal position. A cold mountain wind blows over her rail-thin frame. Her eyes are bloodshot and tearless from exhaustion. Njalledeze Bytyci, matriarch of four generations of the Bytyci clan, raises her hand and says with the remnants of her spirit, "Walking, walking."

The worst of it began Sunday. Around noon in the village of Leshan, Yugoslav Army and Interior Ministry troops began searching house to house, evicting families and forcing them to a nearby elementary school. As their homes burned and soldiers fired in the air, 5,000 villagers were forced to shout "Long Live Serbia!" in unison. Men were separated from women. Then began the long, forced march.

Sitting now on rubble surrounded by broken glass and garbage on the outskirts of this frontier town near the Yugoslav border, the Bytyci clan is fortifying the few houses of thousands of other refugees arriving here — they survived. Behind them in Kosovo lies a scorched land where, according to accounts emerging from people who witnessed the events, hundreds and perhaps thousands of unarmed civilians were massacred by Yugoslav forces during

the 24 hours from Sunday through Monday, more than 100,000 refugees reached the borders between Kosovo and the rest of the world in one of the largest mass movements of people in Europe since World War II. Many are grief-stricken, stripped of everything by Serb-led security forces that are trying to remake the landscape of the province by emptying it of the ethnic Albanians who account for the vast majority of its population.

What follows are their stories.

At 4 A.M. Thursday — the morning after NATO air strikes began — Celin, a town of 2,500 in southern Kosovo, was surrounded by 12 Yugoslav tanks. Fifteen minutes later, the shelling began.

Masir Rexhepi, 43, a professor of mathematics, said that he and others fled from their red brick houses to the hills. With him were two distant relatives, Valoni Rexhepi, 17, and Admir Rexhepi, 15. Yugoslav forces had entered the home of the two boys and told five occupants, all men, to remain in the house. The boys eluded them.

At 5:30 P.M., Mr. Rexhepi and the boys sneaked back to their homes. He said he was gathering some valuables when he heard the boys screaming. The bodies of their father, Naim Rexhepi, 37, an economist; his brother, Dirgut Rexhepi, 40, and Ismail Rexhepi, lay in the courtyard with two other men who had sought shelter at the house. All had been shot. Masir Rexhepi said:

In another farmyard, he continued, he and the boys found 13 bodies that had been piled together and burned. He said

See KOSOVO, Page 7

hands behind their heads, praying to God for life. Women summoning strength to carry children to safety. The old stumbling and rising anew to keep up with their offspring.

At three border posts in Albania, Macedonia and the Yugoslav republic of Montenegro, refugees described an "ethnic cleansing" campaign under way in Kosovo on a scale that appears greater than NATO or U.S. officials have yet reported. Refugees spoke of being herded like animals, humiliated, terrorized and finally expelled from their homeland. As part of their forced exodus many witnessed executions and massacres, particularly of adult men.

The accounts could not be independently verified; most journalists and all Western observers have been expelled from Kosovo. But refugees from small rural villages and the province's largest cities told of similar events that seemed consistent with a pattern.

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Refugees from Kosovo arriving at a checkpoint near Kukes, in Albania, after they crossed the border Tuesday.

## Out in Front, Blair and His Spokesmen

### British Are Leading the Battle for Hearts and Minds in the Conflict

By Warren Hoge  
*New York Times Service*

LONDON — Prime Minister Tony Blair spoke Tuesday of "unimaginable suffering and barbarism" in Kosovo.

Defense Minister George Robertson told of Balkan "killing fields created by Serbian atrocities."

Foreign Secretary Robin Cook referred to "appalling brutality" and "genocide."

The three separate briefings on the war, the resort to highly emotive words and the invocation of war crimes tribunal terms were characteristic of the comprehensive and robust way that Britain is leading the hearts and minds battle in Europe.

More than any other European leader, Mr. Blair has assumed a sense of his country's regional responsibility and yoked it to crusading summonses to press ahead even more resolutely.

"This is happening on our doorstep, and we simply cannot stand by and let it happen," Mr. Blair said in Belfast where he is overseeing talks between warring Protestant and Catholic communities in a tribal conflict even closer to home.

Where some other European leaders are expressing doubts about the correctness of the mission for the North Atlantic

Treaty Organization, Mr. Blair responds with certainty that the organization should now be an agent of retribution against Serbia for its campaign against the Kosovar Albanians.

"The answer to what is happening is to intensify air strikes," he said Tuesday.

The British public has responded with support for the air strikes and, by a lesser margin, for the entry of ground troops if necessary.

A Gallup Poll published in The Daily Telegraph on Tuesday showed that 58 percent backed the intervention and 52 percent would support sending in ground troops.

These are higher levels of support than similar polls in France and the United States have recorded.

Significantly, for Mr. Blair and his effort to mobilize public opinion, more than two-thirds of those surveyed agreed with the view that "recent actions in Kosovo constitute a humanitarian outrage and should not be tolerated by the outside world."

British networks have been giving graphic coverage to the refugee crisis in Kosovo, and executives reported that audiences for prime-time news shows were considerably higher than they had been during the bombing of Iraq in which

See BLAIR, Page 6

## Denouncing Serbs, NATO Intensifies Attacks on Troops

### U.S. Cites 'Clear Indications' Of Genocide Unfolding in Kosovo

By Joseph Fitchett  
*International Herald Tribune*

Great Terror" in the Soviet Union in the 1930s, according to Jamie Shea, the NATO spokesman.

Mr. Shea said that Yugoslavia's forces had pushed 118,000 ethnic Albanians to flee in the past week.

He added that Kosovo's second-largest city, Peć, with 100,000 residents, had been "almost totally destroyed" as part of a calculated Serbian drive to depopulate the province by driving out ethnic Albanians and razing their homes.

President Bill Clinton said the offensive against ethnic Albanians in the province could undermine international support for Serbian claims. He urged U.S. allies to "remain steady and determined" in the effort to curb President Slobodan Milosevic.

"If there was ever any doubt what is at stake in Kosovo, Mr. Milosevic is certainly erasing it by his actions," Mr. Clinton said. "They are the culmination of more than a decade of using ethnic and religious hatred as a justification for uprooting and murdering completely innocent peaceful civilians to pave Mr. Milosevic's path to absolute power."

James Rubin, the State Department spokesman, said later that atrocities in Kosovo were approaching the level of genocide.

"We have very clear indications that genocide is unfolding in Kosovo," he said. "Clearly, there are crimes against humanity."

A hint that Mr. Milosevic, the Yugoslav president, was fearing the pressure of nightly air raids emerged when he reportedly offered to withdraw some Serbian forces from Kosovo if NATO would halt its air offensive.

The proposal came after Prime Minister Vojevi Prakatov held talks with Mr. Milosevic in an attempt to broker a cease-fire.

But Chancellor Gerhard Schroeder of Germany said that the Yugoslav proposals did not constitute a basis for negotiations to end the conflict.

"The proposals brought by Prime Minister Prakatov are not a basis for a political settlement," Mr. Schroeder said at a news conference.

A statement from Mr. Milosevic after the meeting with Mr. Prakatov reiterated his demands that the NATO raids must stop before he would call off military operations in Kosovo or agree to peace talks.

As Mr. Prakatov pursued diplomacy in Belgrade and later in Bonn, Defense Minister Boris Yeltsin vowed that Russia would "not allow itself to be drawn into military conflict" in the Balkans.

He implied that no Russian material assistance would go to Belgrade and that no permanent break was planned in Russian relations with NATO.

Western leaders have ruled out any conditional negotiations and their tone seemed to be hardening amid the reports of Serbian atrocities.

Alliance officials were saying Tuesday that NATO would press its expanding offensive until Mr. Milosevic relinquished his military grip on Kosovo.

The situation in Kosovo was worsening dramatically for civilians and now "resembled a modern version of the

See CLARK, Page 7

## Record Jobless Data Sour Japan's Recovery Hopes

Compiled by Our Staff From Despatchers

TOKYO — Japan's unemployment rate rose to a record 4.6 percent in February from 4.4 percent the previous month, and spending by workers posted the largest decline in 11 months, deflating the recent hopeful forecasts of Japan's leaders that the nation was marching toward recovery.

"Frankly we have to admit that data for February has been

**Beyond the Battlefield / What Happens Afterward?**

# Will Milosevic's Brutality Preclude Any Negotiations With the West?

By Roger Cohen  
*New York Times Service*

As reports of Yugoslav forces killing and evicting the ethnic Albanians emerge from Kosovo, a critical question has arisen for the West: At what point do brutal acts by Slobodan Milosevic, the Yugoslav president, and the increasingly personal attacks on him by the West make it impossible ever to negotiate with him again?

For now, the political process that NATO's bombing of Serbia is supposed to bolster is still built around the involvement of Mr. Milosevic. The bombing is meant to persuade him to sign a peace agreement offering autonomy to the Albanian majority in Kosovo and to

accept the presence of a NATO-led force in Kosovo to police that accord.

But with reports emerging daily about executions of prominent Albanians — including Fehmi Agani, a signatory of the proposed peace deal — and about evictions of tens of thousands of Albanians from their homes, it is becoming unclear how President Bill Clinton's administration and its allies can justify any accord with the man behind these acts.

"If even half of what seems to be going on in Kosovo is in fact going on," said one State Department official, "how could we still do a deal with him, even if he comes around? Our quandary is that the demonization of Milosevic is

necessary to maintain the air attacks, but each time we denounce him, it's harder to shake hands with him."

Of course, this is not the first time since Yugoslavia began to disintegrate in 1991 that Serbian forces, regular and paramilitary, have gone on a rampage under Mr. Milosevic's rule. Between April and September 1992, close to 1 million Muslims were driven from their homes in Bosnia by Serbian militia armed and backed by Mr. Milosevic, and thousands were killed.

That did not stop the West from doing business with Mr. Milosevic. This time, however, the link between the murder and the man appears more immediate, for Kosovo lies within Yugoslavia, and the link has been spelled out with un-

usual directness by Western leaders.

Robin Cook, the British foreign secretary, all but called for Mr. Milosevic to be indicted as a war criminal in his briefing Monday, saying: "Anyone who carries out atrocities against the civilian population, anyone who gives orders for them to carry it out or is complicit in those orders being given, and anyone who fails to prevent such orders or to prevent those orders being carried out, anyone in any of those categories is liable to face indictment before the International War Crimes Tribunal."

The United States has been a little more reticent but has still made clear that it holds Mr. Milosevic responsible for what is happening in Kosovo.

"My sense is that there is not the

slightest chance of doing business with Milosevic anymore," said a senior U.S. diplomat in Europe, "but we are desperately hoping that there is some other answer. Because if we can't talk to him, we have to defeat him and remove him."

That has always been the appeal of Mr. Milosevic to Washington and the West in general; however distasteful he is, he offered a potential way out of a military confrontation for which no Western government had any taste.

When the Clinton administration began to deal with him in earnest in early 1995, it did so precisely because it had determined that he offered potentially the most painless, if not the most edifying, way out of the Bosnian war.

The policy bore fruit in Dayton, Ohio, where Mr. Milosevic signed a peace accord for Bosnia in late 1995, and engagement with him has been at the heart of America's Balkan policy ever since.

Now, in the light of a Serbian brutality in Kosovo that has been unexpected in its intensity, that policy looks shaky. But the alternatives, officials said, are also generally unappealing.

One would be the deployment of ground troops to secure Kosovo, stop the killing there and eventually unseat Mr. Milosevic. But as yet, there appears to be no readiness in the administration or among the American public for such a risky step, one that would appear to run counter to the cautious instincts Mr. Clinton has shown ever since the debacle in Somalia that took 18 American lives in 1993.

Joe Lockhart, the White House spokesman, said Monday that the administration had no intention of introducing ground forces unless there was a peace settlement.

Another alternative lies in the possibility that the NATO bombing, if sustained, will have an increasingly destabilizing effect on Serbia, leading disaffected elements in the army and elsewhere to move against Mr. Milosevic.

But some powerful opposition figures, notably Vojislav Seselj, a lawyer and former paramilitary leader in Serbia, are more extreme in their views than Mr. Milosevic. The United States has looked in recent years for credible and moderate opposition figures in Serbia without unclothing many.

As one official put it, "The fact is that Milosevic seems to have either destroyed or driven out anyone who could form a credible opposition over the past decade."

For now the United States and its allies seem ready to persist in the policy of trying to construct a Balkan peace around Mr. Milosevic.

Mr. Lockhart said Monday that a planned Russian delegation to Belgrade this week would be welcome if it could influence Mr. Milosevic to embrace peace.

But what peace, at this stage, would that be? Russia, presumably, would have to find a face-saver for Mr. Milosevic — perhaps the suggestion that UN troops, rather than NATO troops, would police any accord in Kosovo.

Many political analysts believe that after the wholesale killing of the past week, even the accord reached last month at Rambouillet, France, may look unacceptable to the outraged Albanians who backed it. "It is going to be very, very hard to resurrect the deal," said Jonathan Eyal, a British foreign-policy analyst.

## How Many Troops to Do the Job?

By Eric Schmitt  
*New York Times Service*

**WASHINGTON** — If NATO nations ordered ground troops to Kosovo, a force of 30,000 to 40,000 troops could be assembled in days and would be sufficient to protect many refugees from further attack, according to several current and former U.S. commanders.

NATO officials have emphasized they are not planning to send ground troops into Kosovo, but U.S. generals had estimated that any ground action would require as many as 200,000 soldiers to quell the fighting, a force that would not be ready for months. Thus far, allied political leaders have balked at committing even a single soldier to combat in the Balkans.

The commanders said the smaller number of troops, backed by air power, could sweep into the besieged province and create havens for refugees.

A relatively small number, backed by air power, could sweep into the besieged province and create havens for refugees.

make it a demilitarized zone. That might require a much smaller force than one to eject the Serb army from Kosovo."

Virtually all of these former commanders, as well as several current ranking officers, said that at the very least, NATO and U.S. officials should not be adamant about ruling out a ground campaign, if for no other reason than to give President Slobodan Milosevic pause.

"We've telegraphed that we're not prepared to come in on the ground, and that's coloring his reaction to the air campaign," said one senior U.S. Army general. "Milosevic figures he can stay out and see if the NATO alliance cracks."

While leaders continue to publicly rule out the use of ground forces, there are signs that allied officials are leaving the door slightly ajar for a ground option. Asked Monday whether any contin-

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President Al Gore.

The president tried to return to a more normal schedule, playing golf in Virginia and preparing for two domestic events Tuesday: one honoring Warren Christopher, a former secretary of state, and the other underscoring Mr. Clinton's proposals for bolstering Social Security.

As White House officials continued to ponder strategies for coping with Yugoslavia, a Washington Post/ABC News poll indicates that 51 percent of Americans approve of "the way Bill Clinton is handling the situation in Kosovo." Thirty-one percent disapprove, and the rest have no opinion.

The poll, conducted on the third, fourth and fifth days of U.S. air strikes last week, showed a modest increase in public support from the pre-bombing days.

The poll found that 55 percent of Americans support air strikes against Serbia, while 33 percent oppose them. However, nearly half (48 percent) said they would judge the bombing a failure if Serbian

"They're creditable, but we shouldn't be overawed by their army," said Lieu-

tenant General William Carter III, a retired chief of staff of southern NATO forces who helped direct the allied operation in Bosnia. "In many cases, our respect has been translated into making them taller than they are. I'm not convinced we need the size forces that people are talking about."

Admiral Leighton Smith, a former commander of southern NATO forces, agreed: "It's entirely possible you might be willing to take a geographic area and

gently planning was under way for land forces. NATO spokesman Jamie Shea said, "Not for the tiny being."

Last week, Army logisticians on their own conducted an assessment of what U.S. forces in a Kosovo operation might need, patterning their study on the peacekeeping mission in Bosnia.

"We're looking at how you link things in Bosnia like supply lines and electronic lines into the theater in Kosovo," said one officer. "We haven't received any official directive to do this. It's just prudent planning."

Without a peace agreement, NATO ground forces would face a daunting set of perils.

Between 17,000 and 20,000 Yugoslav troops now occupy Kosovo, with 20,000 more soliders outside the region. These forces are equipped with more than 400 tanks, 300 armored personnel carriers and more than 400 artillery pieces in the field or in garrison, the Pentagon spokesman, Kenneth Bacon, said Monday.

Only 14 roads lead into Kosovo, Mr.

Bacon said, two of them from Macedonia and the roadways and bridges are poored with land mines. Surface-to-air missiles still threaten NATO aircraft. In addition to regular army forces, there are roving paramilitary groups that could threaten NATO forces with guerrilla terrorist attacks.

A NATO operation forcibly entering Kosovo would have to anticipate all these threats. Last autumn, NATO determined in a confidential assessment that it would take 200,000 troops to invade and occupy Kosovo and several weeks to muster those troops.

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## THE AMERICAS

**N.Y. Mayor Takes a Swipe at the First Lady**

By Dan Barry

New York Times Service

**NEW YORK** — For several weeks, Mayor Rudolph Giuliani and Hillary Rodham Clinton have waged a kind of shadow campaign for the U.S. Senate. He is raising money, and she is pepperizing people with questions, but both have refused to announce their intentions. It has all been so maddeningly, well, polite.

Until Monday, that is, when the mayor's Friends of Giuliani fund-raising committee posted a new Web site on the Internet. It is called: [Hillaryno.com](http://Hillaryno.com), and seeks to raise money and enlist volunteers for Mr. Giuliani by capitalizing on what the mayor's advisers sense is an untapped world of inveterate Hillary Clinton haters.

The Web site — including an unflattering photograph of the first lady with her mouth agape — por-

trays Mrs. Clinton as a would-be carpetbagger with aspirations for running for president. "Born in Illinois and carried to power in Arkansas, with no connection of any kind to New York," it reads. "Hillary has set her sights on the New York Senate seat and maybe, probably, set her sights even higher."

It also suggests that Mrs. Clinton is unqualified to serve in the Senate, recalling her "failed health care experiment" and saying that she has no governmental experience and has never been elected to public office. A subtitle to the Web site reads: "U.S. Senate: For Proven Leaders, Not a Proving Ground."

Those sufficiently outraged by the prospect of a Senator Clinton from New York are provided with a few ways to vent their anger — all to the benefit of Mr. Giuliani. In fact, the Web site strongly implies that the Republican mayor will be running for the Senate seat being va-

cated by Daniel Patrick Moynihan, a Democrat, next year.

For example, people are informed that they can donate to Friends of Giuliani, a federal fund-raising committee, through the mail or online. "Either way, your dollars will send your message loud and clear — Hillary No!"

People are also encouraged to sign a petition intended to "send a clear message that you object to Hillary Clinton using the U.S. Senate as a stepping stone to higher office."

Bruce Teitelbaum, executive director of Solutions America, Mr. Giuliani's political action committee, said the Web site was intended to "alert people who are users of the Internet about Mrs. Clinton's potential run for the Senate."

Mr. Teitelbaum declined to elaborate further on why the campaign had decided to bolster Mr. Giuliani's support by attacking Mrs. Clinton. Why, for example, the cam-

paign did not have a Web site called: [Rudyv.com](http://Rudyv.com).

Mr. Giuliani had said Mrs. Clinton's entry into the New York Senate race would strengthen his resolve to run, and before his new Web site appeared, he said he would refrain from criticizing her for not being from New York. Several Republican strategists have said her candidacy would considerably bolster the state party's fund-raising efforts.

The Internet broadside did not exactly intimidate Mrs. Clinton's supporters; in fact, they described it as the kind of nasty stunt they would expect from Mr. Giuliani.

Judith Hope, the Democratic state chairwoman, said: "The tone of the Web site matches the direction of his approval numbers: negative, negative, negative." Her comment referred to the recent drastic dip in the mayor's poll ratings after police killed Amadou Diallo, an unarmed immigrant from Guinea last month.

Mr. Giuliani's camp opened a Web site called: [Hillaryno.com](http://Hillaryno.com).

## POLITICAL NOTES

**Big Farm Bailout Looks Possible**

**WASHINGTON** — President Bill Clinton is likely to offer "some specific recommendation" to help U.S. farmers cope with another year of low grain prices. Agriculture Secretary Dan Glickman said Tuesday, citing the possibility of a new multibillion-dollar bailout.

In the past few weeks there has been growing interest in Congress for farmer aid. Overall farm income is forecast to drop 6 percent this year. Although activist farm groups and lawmakers have called for several billion dollars in federal aid for this year, the Clinton administration has not yet requested additional funding.

"I do believe you will find the administration making some proposals to deal with low prices," Mr. Glickman said at a farm policy conference. Late last year, Congress approved a record \$5.9 billion in assistance to American farmers to help offset slumping prices for grains and livestock and a downturn in export demand by key customers in Asia. (Reuters)

**Jerry Brown's Oakland Is 'Fun'**

**OAKLAND, California** — After three decades in politics, Jerry Brown knows how to relish the bombshell moments.

Last week, after he announced the "resignations" of the popular police chief and two other city department heads — his biggest bombshell as mayor — reporters and television news people were calling nonstop, outraged critics were dishing out sound bites and Mr. Brown, peaceful as a monk, was wowing a small gathering of citizens celebrating Greek-American Independence Day at City Hall.

"I'm having fun," Mr. Brown said. And the famously dour Mr. Brown actually sort of smiled. But it has not all been fun. In the last several weeks, the former two-term governor and three-time presidential candidate has begun trying to make good on the promises he made at his inauguration in January and reawaken this city's "of unfulfilled potential." Mr. Brown has been scrutinizing city departments, lining up his own management team, doing, as he said in an interview, "what any new mayor would do." With almost every move, however, there have been increasing rumblings that the 61-year-old novice mayor is charging too hard, too fast. (NYT)

**Quote/Unquote**

Representative Porter Goss, Republican of Florida and chairman of the House Permanent Select Committee on Intelligence, taking aim at the National Security Council and wondering what it takes to open communication with Mr. Clinton's national security advisers: "I don't think it would be a bad use of anybody's time to commit to an hour a month for discussion." (WP)

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**Test Failure Adds to Doubts About Missile Shield**

By Bradley Graham

Washington Post Service

**WASHINGTON** — A weapon being developed and tested by the U.S. Army to guard field troops against missile attack has suffered its sixth consecutive miss, raising further questions about the costly system and clouding Pentagon plans for broader missile defense.

Senior Pentagon officials were encouraged that the interceptor, launched Monday from a test range in New Mexico, came closer to hitting an airborne target than previous shots. But at a news conference, they said they had little idea why the

failure had occurred or what its impact would be on future tests of the Theater High-Altitude Area Defense system, known as THAAD.

The repeated inability to demonstrate that THAAD's interceptors can hit incoming warheads has implications beyond battlefield defense. The same "hit-to-kill" concept is at the core of the even more ambitious anti-missile system being designed to protect the entire United States against long-range missile attack.

The failure of the system may also complicate U.S. efforts to persuade Asian allies to participate in development of a missile-defense system. China is waging a vigorous campaign against proposals in the United States to place parts of Asia, including Taiwan, under an American anti-missile umbrella, warning that such a move would block China's hopes of reunifying peacefully with Taiwan.

"If some people intend to include Taiwan under theater missile defense, that would amount to an encroachment on China's sovereignty and territorial integrity and also be an obstruction to the great cause of peaceful reunification of the motherland," Foreign Minister Tang Jiaxuan said recently.

This month, the Senate and House

passed measures expressing strong bipartisan support for the first time for deploying a national anti-missile system when the technology becomes available. And President Bill Clinton is seeking \$10.5 billion over the next six years in the event such a weapon can be developed by 2005.

Lieutenant General Lester Lyles, who heads the Pentagon's anti-missile effort, expressed confidence that THAAD's recurring problems can be overcome. He pointed to the successful intercept test two weeks ago of a shorter-range Army anti-missile weapon — the advanced Patriot system — as evidence that hit-to-kill technology could work.

But THAAD, designed to combat medium-range missiles inside and outside the Earth's atmosphere, faces even more daunting technical challenges.

Since the program's unsuccessful intercept attempt in May, the Pentagon has put added pressure on the prime contractor, Lockheed Martin Corp., to solve problems that have plagued the program. The company was advised that its contract could be canceled and had to agree to penalty fees if future tests also flopped.

As a result of Monday's failure, General Lyles said, Lockheed will be charged \$15 million. If it cannot produce two successful intercept tests by the end of June, it faces another penalty of \$20 million. (Reuters)

**Longer Life for Social Security and Medicare**

The Associated Press

**WASHINGTON** — The strong American economy has delayed the projected insolvency date of the Medicare trust fund by seven years, to 2015, and the Social Security fund by two years, to 2034, trustees of the programs said Tuesday.

"This really is a remarkable transformation we have had," said Treasury Secretary Robert Rubin.

It is the second consecutive year that stronger-than-expected economic growth has added new years of life to the retirement programs.

Medicare, the health insurance program for the elderly and disabled, had been projected to run out of cash in 2001. Last year, that date was moved to 2008 and, now, to 2015.

The Social Security insolvency date, which was extended last year from 2029 to 2032, was moved in the latest projection to 2034.

The trustees of the two programs attributed the improvement in Medicare not only to the strength of the economy but also to cost-cutting that retirees were smaller, and health care costs remained lower.

to a crackdown on waste, fraud and abuse in the programs.

The stronger economic growth has helped both Medicare and Social Security by holding unemployment rates close to a 29-year low.

Because more Americans are working, taxes that are deducted from workers' paychecks to support the programs have risen.

Low inflation also saves both programs money because yearly cost-of-living Social Security raises to retirees were smaller, and health care costs remained lower.

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## EUROPE

## BRIEFLY

## 'Mad Cow' Infections Found in French Zoos

### Big Number of Primates Hit by the Disease

By Sandra Blakeslee  
New York Times Service

**NEW YORK** — A large number of primates living in French zoos appear to be infected with the agent that causes "mad cow" disease, according to a provocative study published Tuesday in the Proceedings of the National Academy of Sciences.

Although it is not the first time that the disease has been found in monkeys and lemurs, the extent of the infection is surprising, researchers said.

When 18 apparently healthy lemurs were killed and their tissues examined, every single animal was infected with what looked like mad cow disease. The finding is bad news for people living in Britain who fear that a human form of the disease, called new variant Creutzfeldt-Jakob disease, or CJD, may have similar underpinnings.

For many years, zoo animals throughout Europe were fed protein supplements containing the rendered remains of British cattle, some of which carried a mysterious disease agent called an infectious prion. A number of species that ate the tainted animal feed, including cats and ungulates, developed sponge-like holes in their brains and died in much the same way that cattle in Britain were dying from mad cow disease.

Suspecting it was the source of infection, feed manufacturers stopped adding British beef to their products in 1996.

That same year, Noelle Bons, a neurologist at Montpellier University in France reported that a rhesus monkey and two lemurs from the local zoo had died of a brain disease similar to mad cow disease. But the link to animal feed could not be proved.

In the study reported Tuesday, Mrs. Bons and her colleagues fed a large portion of infected cattle brain to two young lemurs that had never before eaten meat. One animal received one dose, equivalent to a 154-pound (70-kilogram) person eating a one-pound hamburger made entirely from cow brain. The second animal got two similar doses, a couple of months apart. After five months, one animal showed "a loss in vitality" and was killed by its cage mates, Mrs. Bons said. Researchers then killed the other lemur and the tissues of both animals were examined for the presence of infectious prions.

Another 20 lemurs from three French zoos were also killed as part of a program to cull certain animals. Two showed subtle neurological symptoms but the other 18 looked completely normal. All

had eaten animal feed containing British beef for many years.

Finally, three young lemurs that had never eaten beef were also killed and their tissues were compared to all the others.

The vegetarian lemurs showed no signs of infectious prions, Mrs. Bons said. But the two animals intentionally infected and the 20 lemurs living in different zoos showed identical patterns of infection. In primates, the infection first takes hold in epithelial tissues of the gut, moves to tonsils, esophagus, lymph nodes and spleen and then spreads up the spinal cord to the brain. Mrs. Bons said.

This is the first time that such a pattern has been shown in animals incubating a prion disease, said Paul Brown, a senior research scientist at the National Institute of Neurological Diseases and Stroke in Bethesda, Maryland, and co-author of the paper. Mrs. Bons said that she suspects the pattern is typical of most prion diseases, called spongiform encephalopathies, found in many mammalian species.

Prion diseases take many years to spread and incubate. Most animals, including people, can be infected for many years before their brains are sufficiently damaged to produce symptoms. At that point, the disease progresses swiftly and is always fatal.

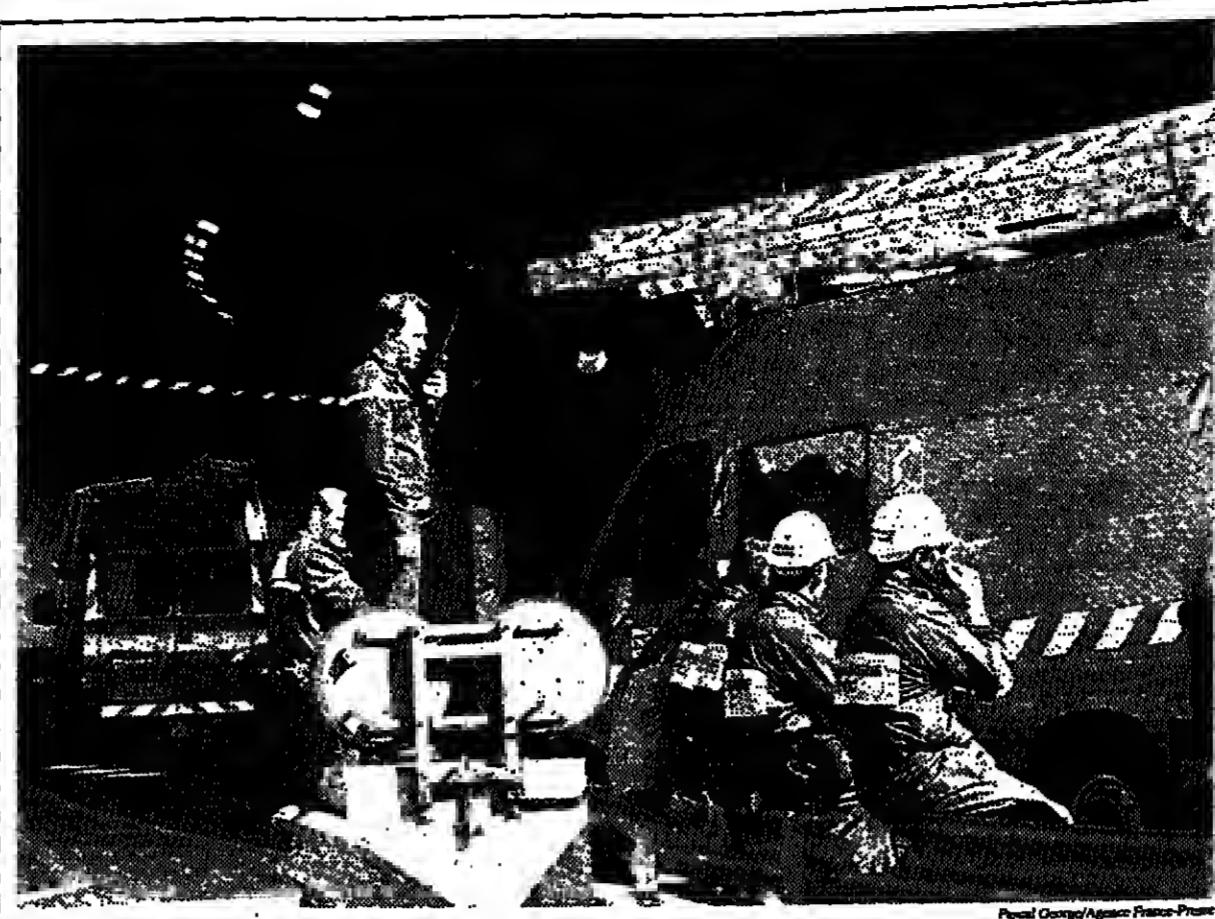
Thus far, 39 people in Britain and one Frenchman have died from new variant CJD, which most experts think is contracted from eating infected beef, particularly brain tissue. For many years, British butchers mixed cow brains into hamburger meat but the practice ended in the early 1990s after the outbreak of mad cow disease.

Suspecting it was the source of infection, feed manufacturers stopped adding British beef to their products in 1996.

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Another 20 lemurs from three French zoos were also killed as part of a program to cull certain animals. Two showed subtle neurological symptoms but the other 18 looked completely normal. All



GRISLY TASK — Forensic experts preparing Tuesday to enter the Mont Blanc tunnel between France and Italy to identify victims of the March 24 fire, after officials took measures to insure the tunnel would not cave in.

## Blair and Ahern Press Ulster Leaders

By James F. Clarity  
New York Times Service

**BELFAST** — Prime Minister Tony Blair of Britain and Bertie Ahern of Ireland continued Tuesday to press Protestant and Roman Catholic leaders to compromise on the bitter dispute over the disarmament of the Irish Republican Army, which is overwhelmingly Catholic.

After meeting with party leaders for four and a half hours Monday night, the prime ministers swept back and forth over this British province in a military helicopter, emphasizing at a number of meetings that time was running out for settling the issue, which threatens to cripple or collapse the Northern Ireland peace agreement approved April 10 last year.

The British government has set a deadline of Friday for agreement. At issue is the insistence by Protestant leaders that the IRA make a "credible beginning" to disarmament before its political wing, Sinn Fein, is allowed to sit in a new Protestant-Catholic cabinet of the Northern Ireland Assembly, the body designed to carry out the provisions of the year-old peace agreement.

The establishment of the cabinet is to pave the way for the return by the British government, after 27 years, of home rule powers to Northern Ireland.

Failure to compromise now could lead to another delay and possibly to a return of the widespread sectarian violence the peace agreement is supposed to end.

As they began their day with short speeches at the Hazelwood Integrated College, an interdenominational high school in Belfast, the two prime ministers sounded optimistic.

"After talking to the parties here last night and again today," Mr. Blair said, "I do believe that we can get there. It is within our grasp."

Asked about his own religious background, he said, "On my mother's side were very strong Irish Protestants. I married a Catholic although I am Church of England. We are about to enter the 21st century. Do these things really have to pull people apart?"

Mr. Ahern, who is from a working-class district of Dublin, used humor to explain why he opposes a delay in negotiations, called "parking the issue," here. "In my end of Dublin," he said, "if you park things too long they usually get vandalized."

As the meetings continued during the

day at Parliament Buildings, the home of the Assembly in Belfast, and at Hillsborough Castle, a British residence 20 miles (32 kilometers) south, the atmosphere of sectarian discord prevailed.

The IRA attempted to improve its image, among Catholics, in a macabre way.

The outlawed guerrilla organization, which has killed more than 1,500 people since 1969, said it would soon disclose the places it buried nine of its operatives executed secretly for being disloyal to the organization.

In the grisly logic of Northern Ireland politics, this was to put a human face on

politics by returning bodies to relatives who wanted to give them Christian burials.

The IRA statement Monday night apologized for the delay in returning the victims, but not for killing them.

The IRA has observed a cease-fire for more than 20 months, but has repeatedly stated that it will not surrender a single bullet, an ounce of Semtex explosive.

Unless it does, Protestant leaders say. Síon Ó Feáin will be excluded from the new Assembly cabinet. Sinn Fein points out that the peace agreement does not require disarmament before May, 2000.

## Legionnaires' 20th

The world's worst outbreak of Legionnaires' disease has claimed a 20th victim, the Dutch Health Minister said Tuesday.

All were visitors to the Westfries Flora, the world's largest indoor flower show.

The results of an investigation into the source of the outbreak are due next week. (Reuters)

## ASIA/PACIFIC

### BRIEFLY

## Carter Defends 1978 Decision to Sever Ties With Taiwan

### Indonesia to Split Police and Military

**JAKARTA** — Indonesia's national police force will be separated from the armed forces this week in a move critics hope will render the force more independent and less repressive.

Lieutenant Colonel Saleh Syaaf, a national police deputy spokesman, said Tuesday that the separation would take effect Thursday.

The police force was incorporated into the armed forces in 1966. The incorporation occurred during a period of bloodshed in which hundreds of thousands of people were killed, especially Communists. (Reuters)

### Hun Sen Warned On Khmer Trials

**PHNOM PENH** — An influential U.S. senator warned after meeting Prime Minister Hun Sen of Cambodia on Tuesday that U.S. aid would be at risk if a trial of Khmer Rouge leaders did not measure up to international standards.

Mitch McConnell, the Kentucky Republican who chairs a subcommittee responsible for drafting foreign aid bills, said he told Mr. Hun Sen that Washington believed an international tribunal was the best way to deal with the Khmer Rouge, something the Cambodian leader has rejected.

"Aid is not an entitlement," Mr. McConnell said, "and it is conditioned upon a certain type of behavior." (Reuters)

TAIPEI — Amid small but poignant protests and flaring resentment, former President Jimmy Carter on Tuesday defended his decision two decades ago to sever diplomatic relations with Taiwan in order to recognize China.

As one opposition politician demanded that he apologize, Mr. Carter defiantly declared: "I think the decision I made in 1978 was the right one."

Mr. Carter said recognition of Beijing, Taipei's bitter rival since the 1949 civil war, was the key to Asia's security and had helped transform Taiwan into an affluent, pluralist society.

"It was the most difficult decision of

my life," he said of his late 1978 decision, which triggered attacks on Americans and made the name Carter synonymous with traitor in Taiwan.

"I believed this would realize one of Asia's most liberal democracies. In 1979, Taiwan was under martial law, run by the Chinese Nationalist government of Chiang Ching-kuo, who inherited the presidency in dynastic fashion from his father, Generalissimo Chiang Kai-shek. Today, the president is popularly elected.

Still, some still remember Mr. Carter mainly for selling out the Chiangs' exiled Republic of China, which saw U.S. support as key to its dream of "re-taking" the mainland from the Communist bandit regime that had defeated it in 1949.

"Get out, Jimmy Carter! Traitor of

the Republic of China!" a handful of activists shouted outside Mr. Carter's hotel.

"Down the American Imperialism," read a sign on a truck parked outside the American Institute in Taiwan, an unofficial agency that replaced Washington's embassy.

Despite cutting Taiwan loose diplomatically, Mr. Carter signed legislation that set up the framework for strong unofficial ties and U.S. military support.

The Taiwan Relations Act, passed in 1979, compelled the United States to sell Taiwan defensive weapons and treat threats to the island with concern.

Mr. Carter said he was impressed by

the "beautiful development of democracy in Taiwan" and pleased to see improved relations between Beijing and Taipei, which have huge unofficial trade and investment ties and a cautious semi-official dialogue.

Though Mr. Carter's severing of ties still stings, many analysts have begun to interpret it as the beginning of the end of authoritarianism in Taiwan.

The snub emboldened what was then an illegal, underground opposition to begin questioning the Chiangs' insistence that the struggle against Chinese communism made it necessary to muzzle the local media and to imprison critics of the government. (AP, Reuters)

## China Seizes Youth for an Article and Accuses Him of Subversion

By John Pomfret  
Washington Post Service

**BEIJING** — In the latest episode in a four-month crackdown on dissent, the Chinese police formally arrested a 19-year recent high school graduate Tuesday on charges of trying to "subvert state power," a serious crime that could land him in jail for a term up to 10 years.

Wang Yingzheng was detained in Kuzhou, an industrial city in northern Jiangsu Province, according to a Hong Kong-based human rights organization. He had been in custody since Feb. 26, when police arrested him as he was photocopying an article he had written on corruption.

Mr. Wang graduated from high school last year.

Frank Lu, director of the Information Center of Human Rights and Democratic Movement in China, said he feared that Mr. Wang would be sentenced to a long term because subverting state power is a serious crime in China.

Mr. Wang's article said that deep-seated corruption within the Communist Party disqualified it from the right to lead the nation.

Mr. Wang's arrest is the latest in a crackdown that began in December on attempts to form China's first opposition party, the China Democracy Party. The crackdown — the most serious in China in several years — has landed three men

in jail for prison terms of 10 years or longer.

It has also widened to include the closing of at least one magazine and a roundup of a group of Beijing activists who were not related to the founding of the opposition party.

Mr. Wang is specifically accused of helping one of the party's founders, Qin Yongmin, a dissident, who was sentenced to 12 years in jail in December.

Mr. Wang's arrest comes ahead of an important visit to the United States by Prime Minister Zhu Rongji next week. A flurry of diplomatic activity is occurring in Beijing in preparation for that trip.

Negotiations on China's entry into the World Trade Organization continued

Tuesday in Beijing.

China has also begun another round of doing out favors to American firms. Earlier this week it announced it would accept an American mobile phone technology for use in China.

Tuesday, American officials said that China would grant licenses to two or three more U.S. insurance companies.

A group of U.S. senators, meanwhile, is in China to meet with leaders to discuss congressional concerns about U.S.-China relations. The leader of that group, Craig Thomas, Republican of Wyoming, chairman of the Senate Foreign Relations subcommittee on East Asian and Pacific affairs, said the Chinese were in "denial" about the difficult nature of

U.S.-China relations.

Mr. Thomas said U.S. senators, in meetings with senior Chinese leaders, including Li Peng, one of the three top Communist Party officials in China, had difficulty convincing them about the depth of U.S. concerns on China's human rights record, allegations that Chinese spies stole nuclear weapons secrets from U.S. labs, China's \$37 billion trade surplus with the United States and China's continued threats against Taiwan.

"We basically said, 'Help us a little bit with these things so we can get confidence back in the United States about this relationship,'" Mr. Thomas said in an interview.

"Mostly, we ran into a denial situation — that none of these things were truly true. That's not a very good message to try to sell back home."

Mr. Thomas, who has backed engagement with China, said the disturbing thing for him was that "progress that went on for the last 10 years has slackened off."

The senator said he believed the Chinese leadership was extremely concerned about domestic unrest, especially because this year marks the 10th anniversary of the Tiananmen Square crackdown. "They are very uncertain about their future," he said.

Of particular sensitivity, he said, was talk about the Dalai Lama, the spiritual leader of the Tibetans, who has been exiled from China for 40 years.

On Tuesday, a report on the human rights in Tibet charged that one in 33 Tibetan male political prisoners and one in 20 female prisoners held in Tibet's main Drapchi Prison since 1987 died of maltreatment.

The London-based Tibet Information Network also charged that about 25 percent of the prisoners had been abused.

## 17 Immigrants Must Go, Hong Kong Court Declares

By Mark Landler  
New York Times Service

**HONG KONG** — In a decision that reflects rising fears about a flood of immigrants from mainland China, a Hong Kong court ruled Tuesday against 17 mainland residents who had claimed the right to live here.

The 17 people are among more than 1,000 mainland Chinese who entered Hong Kong on temporary visas but now assert they have the right to stay under a recent court ruling that relaxed immigration laws.

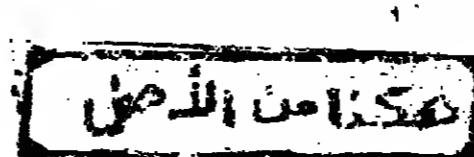
In the ruling Tuesday, however, the high court said mainland residents must return home first and apply to Chinese authorities to move to the territory. Otherwise, it predicted a chaotic rush of people across the border, with potentially millions of Chinese staking a claim

to residency in Hong Kong.

"An unverifiable, unplanned and unregulated large influx of new immigrants to Hong Kong will be an unbearable burden," said the judge, Wally Yeung, citing a Chinese proverb about sinking ships. "It may sink Hong Kong."

The government welcomed the ruling and warned that it would deport anyone here illegally. That could mean breaking up families that have members on both sides of the border. By late Tuesday, it had already detained 133 people, according to lawyers for a group of mainland residents.

Under intense pressure from the Hong Kong government, the court later clarified its judgment to reassure Beijing that it was not challenging China. That averted a constitutional crisis but still left Hong Kong with a logistical problem of potentially vast dimensions: How to deal with the immigrants.





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## INTERNATIONAL

## Bonn Scorns Milosevic's Bid for Talks

**Plan Brought by Russian Rejected by Schroeder**

*Compiled in Our Staff From Dispatches*  
BONN — Chancellor Gerhard Schroeder said Tuesday that the Yugoslav proposals brought by Prime Minister Yevgeni Primakov of Russia were unacceptable as a framework for negotiations to end the Kosovo conflict.

"The proposals brought by Prime Minister Primakov are no basis for a political settlement," the German chancellor told a news conference after a meeting with the Russian leader.

Mr. Primakov flew to Bonn from Belgrade, where he met earlier Tuesday with President Slobodan Milosevic of Yugoslavia.

Mr. Milosevic said that he was ready to resume the Kosovo peace talks if NATO stopped bombing Yugoslavia. Mr. Primakov said:

Western officials, however, demand a halt to Serbian operations in Kosovo and the deployment of alliance troops in the Serbian province.

Mr. Schroeder said Mr. Milosevic must send the West a clear signal of his willingness to enter serious peace talks and to respect peace agreements.

"The first and most significant signal must be the complete withdrawal of military and paramilitary forces from Kosovo so that the killing in this part of Europe can be stopped," he said.

Mr. Primakov said that Yugoslavia could reduce its troops in Kosovo if NATO stopped air strikes. Mr. Schroeder said he would be passing on Mr. Primakov's report to the other 18 members of NATO and that Russia's "constructive role" in seeking a political solution to the crisis had not ended.

Mr. Schroeder said that he believed that Mr. Primakov would return to Moscow without holding any further consultations with the Western alliance.

The Russian prime minister said that the pledge by Mr. Milosevic was the outcome of six hours of talks between the two leaders in Belgrade.

Mr. Primakov spoke to reporters after arriving in Bonn to brief Mr. Schroeder, who currently chairs the 15-nation European Union.

A statement from Mr. Milosevic repeated past demands that the North Atlantic Treaty Organization must stop bombing before he would agree to halt operations in Kosovo or agree to peace talks.

"To open the space for negotiations, aggression on Yugoslavia has to stop immediately," said the Milosevic statement.

Mr. Milosevic also called for NATO troops in neighboring Macedonia to be removed and for a halt in alleged NATO support for the Kosovo Liberation Army, the ethnic Albanian rebel group.

He called ending the NATO attacks and finding a peaceful solution for Kosovo "of utmost importance for the future of the Balkans, which is at the brink of a new explosion."

"Milosevic," the Russian leader said through an interpreter, "is ready to find a political solution to all issues if the bombardment stops."

Mr. Primakov said that Mr. Milosevic was ready for "constructive negotiations."

He said Mr. Milosevic wanted the goal of the talks to be "that the interests of all groups in Kosovo must be maintained"—a reference to the Serb minority in the largely ethnic Albanian province of Yugoslavia.

Mr. Milosevic also pledged to reduce Yugoslavia's military presence in Kosovo if NATO stopped its strikes, according to Mr. Primakov.

The Russian prime minister also indicated that Mr. Milosevic is insisting on steps to disarm ethnic Albanian rebels.

Earlier, Germany's defense minister, Rudolf Schaefer, told reporters that Mr. Milosevic "will try over the next two to three weeks to turn Kosovo into a region of destroyed villages where the adult male population will have been interned or killed and the rest driven out or fleeing."

(Reuters, AP)



Prime Minister Primakov, left, conferring Tuesday with President Milosevic on proposals for a peaceful solution.

## Yeltsin Vows to Avoid Balkans Crisis

**Russia Has Made Its Choice, He Tells Parliament in Annual Speech**

By Celestine Bohlen  
*New York Times*

MOSCOW — Amending his annual state of the state speech to take account of the war in Kosovo, President Boris Yeltsin told political leaders Tuesday that Russia "will not allow itself to be drawn into military conflict."

The president's words came at the start of a speech that presented Russia as a country at a critical historical juncture, in danger of being relegated to a second rank of nations if it failed to overcome its political divisions and economic weaknesses.

Mr. Yeltsin again condemned the NATO strikes against Yugoslavia, which in the last week have drawn a belligerent reaction from Russian opposition leaders, who have called for renewed military aide to Belgrade and the dispatching of volunteers to fight with Serbs in Kosovo.

But the president appealed for responsible actions, rather than "emotional assessments." "More and more political leaders understand that in such situations brute force does not achieve anything," he said. "Russia has made its choice."

As Mr. Yeltsin spoke Tuesday in the

Kremlin before both houses of Parliament and as members of his government, Prime Minister Yevgeni Primakov, accompanied by top diplomatic, military and intelligence officials, traveled to Belgrade and Bonn on a mission to try to bring about a political settlement in Yugoslavia.

With the outcome of those talks still hanging in the balance, Mr. Yeltsin told his audience that in striving to bring peace to the Balkans, Russia was not neglecting its "prime duty," which, he said, "is to prevent any discord inside the country."

"Our weight in the world arena depends on how we solve our problems at home," he said. "This means that we need order in government, accord in society, stability in the economy and the social sphere."

Mr. Yeltsin's appeal came as the first wave of anti-Western hysteria, which peaked Sunday with a gun attack on the U.S. embassy, subsided.

In a reminder of Russia's dependence on international goodwill, Mr. Primakov struck an agreement Monday with Michel Camdessus, managing director of the International Monetary Fund, on the broad outlines of a plan to relieve Russia's foreign debt burden.

With which Mr. Blair has been projecting it as justified intervention to protect the oppressed are a marked departure from the conduct of the government of his Conservative predecessor, John Major, when confronted

**More than any other European leader, Mr. Blair has stressed his country's regional responsibility**

vovement in some West African political crises have called that pledge into question, but in the Balkans, the new objective has been followed and backed up with military force.

"There has

In Russian newspaper and television reports Tuesday, more information was provided about the reasons for the mass exodus from Kosovo, as refugees gave accounts of being rounded up by Serbian policemen and forced out of their homes. Until now, official Russian spokesmen have insisted that the refugees were fleeing NATO bombs, and that reports of "ethnic cleansing" were nothing but Western rumors and propaganda.

Speaking in a steady voice, Mr. Yeltsin described Russia now as a country stuck between two economic systems. "We've created a freakish model," he said, "a hybrid of the two systems."

He called on the Primakov government to move ahead with an economic program. "It is just six months before the start of elections," he said. "This time will have to be used not only to patch up holes. It is high time to identify the new priorities, chief among them Russia's economic competitiveness."

Analyzing the causes of Russia's financial collapse last August and fall, he pointed the finger at the opposition-dominated lower house, which, he said, in rejecting the government's fiscal program, had sent "a bad signal to investors."

He believes in rights and responsibilities at home, and he does abroad too. He wouldn't be fighting if this were just a matter of great power politics," the professor said.

In power terms, the size and skill of its military and its willingness to use force has given Britain more impact abroad than other European countries.

Britain is trying to assert itself in Europe at an awkward moment since it is not among the countries participating in the Continent's grand new venture, the adoption of the euro as the common currency.

Adding to the impression that the communications war is one being waged with an English accent is the fact that the two daily briefers in Brussels, Jamie Shea, the chief North Atlantic Treaty Organization spokesman, and Air Commodore David Wilby, his uniformed aide, are both British.

London's closeness to Wash-

## Ex-Paraguay President Finds Asylum in Brazil

**He Leaves Behind a Badly Shaken Nation**

*Compiled in Our Staff From Dispatches*

Luis Gonzalez Macchi as the country's new president does not guarantee months of bickering among the country's politicians has come to an end.

The abrupt transfer of power was the latest evidence of the fragility of youthful democracies across Latin America. Ten years after the fall of General Stroessner's dictatorship, Paraguay is still trying to step out of the long shadow of his 34-year rule.

Some observers skeptically watched the crisis unfold over the past week, calling it one of the more bitter, and certainly more bloody, manifestations of the feuding within the Colorado party that has ruled through dictatorship and democracy since 1947.

"Poor Paraguay. Another stage in the warfare within the Colorado," said Roldan Roett, director of Western Hemisphere programs at Johns Hopkins University. "It's been a decade of rivalries and factions."

The crisis sparked by Mr. Argana's killing led to the removal of one of the most divisive figures from the Colorado party: Mr. Oviedo, Mr. Cubas, a close ally of Mr. Oviedo's, lost most of his support within the Colorado Party only days after taking office in August when he freed the former general from jail, where he was serving a 10-year sentence for spearheading a 1996 coup attempt against President Juan Carlos Wasmosy.

Mr. Cubas' opponents threatened him with impeachment and his own brother resigned as commerce minister, loudly criticizing the decision.

Juan Carlos Galavera, a lawmaker, said at the time that Mr. Cubas had "freed the man that could begin a diabolical plan to persecute everyone who he thinks is not with him."

Opponents of Mr. Oviedo call him a throwback to the strongmen who ruled many South American countries during the 1970s and '80s. He enjoyed support in Paraguay's countryside where he often gave rousing speeches in the indigenous Guarani language.

(AP, Reuters)

## BRIEFLY

### U.S. Asks EU Help On China Censure

GENEVA — The United States appealed to the European Union on Tuesday to back its efforts to censure China before the UN Human Rights Commission.

"There has been a deterioration in the human rights condition over the past year," said Harold Hongju Koh, U.S. assistant secretary of state, voicing concern about the "deprivation of the right to democracy and the right of political participation."

The State Department announced Saturday that it would revive efforts for the 53-nation human rights commission to criticize China. China instantly warned that the U.S. bid would fail — as it has done in the past.

### For the Record

Two of Mexico's biggest banks, Grupo Financiero Bancomer SA and Grupo Financiero Serfin SA, have agreed to plead guilty to criminal charges of money laundering in cases stemming from major investigation into the movement of illegal drug profits. Strong pressure had been exerted by the Mexican government to have the criminal charges dropped.

Tanzania has arrested a former Rwandan Army officer, Bernard Ntuyahaga, wanted by both Belgium and Rwanda for his alleged role in the 1994 genocide, paving the way for his extradition, a Tanzanian official said Tuesday. (AP)

Probably the best beer in the world.

**Above the Battlefield / It's a Very Real Environment'**

# In the Quiet Skies Over Yugoslavia, Voices of the Pilots Tell It All

By John Tagliabue  
New York Times Service

AVIANO, Italy — The American pilots flying the attacks on Yugoslavia exchange few words, but probably no one reads their moods and fears more closely than a 32-year-old Air Force staff sergeant from Thorntown, Indiana.

For the past five nights, the sergeant, who will identify himself only as Dave, has hunched in what he calls "The Black Hole," the windowless bay of a Lockheed EC-130E command-and-control aircraft crammed with electronic equipment.

Circling in the dark skies over Yugoslavia, he helps to herd, like a hen with her chicks, the NATO warplanes flying their sorties and links them by radio with NATO's ground command in Vicenza, Italy, an hour's drive south of Aviano. When trouble comes, the sergeant says, it rings

first in the pace of the pilots' words, and the timbre of their voices.

"You know if the tempo has been speeded up by the voice tone," he said. "It's very real environment, and you can hear it."

Meeting reporters on the tarmac, he and fellow crew members talked of the Serbian efforts to jam their equipment, of the adrenaline charge they experienced when Serbian weapons brought down an Air Force F-117A Stealth fighter on Saturday and of the boost to morale when a joint effort retrieved the pilot unharmed hours later.

NATO is fiercely shielding the identity of crews flying over Yugoslavia, to protect them case of capture, so no family names were disclosed.

"The fact that they shot at 117 down shows they are not quitting," a major named Tim, 43, said of the Serbian defenders. The major, from Pomfret, Connecticut, commands the 16 crew members in the EC-130E's black hole.

The fighter pilots, the major went on, talk about going "in country" or "downtown" when they swoop into heavily defended areas, and then usually they fall silent.

"Believe it or not," he said, "they don't talk very much. They could drive in, and all the way out, without saying a thing." He paused, and added, "And that's the preferred way."

The plane is older than most crew members, who are mainly in their 20s and 30s. It was built in Marietta, Georgia, in 1962, and a plaque in the cockpit notes that it was one of two that flew into Iran in 1980 in a failed attempt to bring out the American hostages in Teheran.

It is one of three from the 42d Airborne Command and Control Squadron that have been deployed, with 100 fliers and ground crew members, to Aviano since 1995 from Davis Monthan Air Force Base in Tucson, Arizona, to patrol the skies over Bosnia, and now for the attacks on

Yugoslavia. Nicknamed "Mad Dawg" by the crew, it also served in Vietnam.

A staff sergeant from Heaven, Oklahoma, Connie, 27, one of two radio operators aboard the plane, was aloft on Saturday when the Stealth fighter went down.

"When we heard him do a Mayday and he was going down," she recalled, tension tightening her voice, "we were all worried about him, and then we went into our job mode."

Crews fly 12-hour shifts, and she was still flying hours later when news came that the pilot had been snatched from Serbian territory, thanks in part to the EC-130E's communication links.

"Our whole plane erupted," she said, now smiling broadly. "The excitement inside was deafening."

American military forces have seen little such combat since the 1991 Gulf War, and for most crew members it is their first experience of real danger.

But a captain from Pennsylvania, Dave, who is the EC-130E's pilot, emphasized that there was "absolutely no complacency."

"Every threat is a danger," said the captain, a pilot for five years, "and there is a high level of danger every night. Like they say, we're paid to go out. We're not paid to come back in."

He added, in a slow, deliberate voice. "Of course, everyone wants to come back."

While the Stealth pilot was on the ground, the captain, who was not in the air that night, remained "glued to the TV set." The quick rescue, he said, was a "big morale booster."

He and his crew talked of their pride in being here.

"I think it's a real honor," he said. He paused, reflected and added: "It's unfortunate that things like this happen. But we're happy to be able to do something about it. And we're happy to be on this side."

## NATO: Potential Genocide'

Continued from Page 1

The air strikes have already destroyed half of Serbia's air-defense system in five days of raids, according to the French defense minister, Alain Richard.

Officially, the alliance's terms for cease-fire — that Mr. Milosevic end military operations in Kosovo, start withdrawing his forces and start political negotiations — remained unchanged.

But international outrage over Serbian attacks on civilians and accusations that Mr. Milosevic's actions were tantamount to war crimes could force Western governments to rethink their political objectives.

Robin Cook, the British foreign secretary, said that the hostilities could not end without guarantees for the return of refugees and displaced people — whose numbers reached 570,000 in the last year and were rising fast, according to NATO officials.

Despite alarm around the world about the refugee flight from Kosovo, Western leaders did not offer any hint of readiness to send ground forces to Kosovo, even just to protect a "safe haven" for the ethnic Albanians.

Instead, officials said that they were sticking to the NATO war plan to smash Serbian military strength and ultimately sign a peace deal that would leave Mr. Milosevic in power and give the Kosovars self-rule, but not the independence from Serbia that they want.

Proposing a political escalation to end the fighting, a group of French defense specialists outside the government said that Mr. Milosevic might seek peace in Kosovo if Western governments threatened that they would recognize Kosovo's independence.

Until now, the international plan for Kosovo has rejected independence as unacceptable to Mr. Milosevic and undesirable in general because it might spur Albanian nationalism in the Balkans.

The French strategists and Balkan experts said that NATO had too little time for an offensive to save the Kosovar civilians and that the existing peace proposals would become irrelevant as fighting continued.

Low-flying A-10 ground-attack planes were reported in action Tuesday against Serbian tanks and troops, and NATO officials said that the prime target of the air war now was Serbian forces and paramilitary units.

"We are now into offensive operations around the clock, with more assets entering the order of battle," Air Commodore David Wilby of Britain said at a NATO news conference.

And, he added, "the weather is set to improve" — referring to the cloud cover and rain that have caused numerous NATO missions to turn back when pilots felt that they could not trust their high-technology sensors to avoid causing damage and casualties among civilians.

Despite poor weather Monday night, warplanes attacked "numerous targets" in each of 10 areas, four of them in Kosovo, according to Commodore Wilby.

He declined to provide details about damage beyond saying that the attacks were in keeping with the alliance's new objective — interdiction of the Serbian forces' ability to move on the ground.

In contrast with the limited military information, Mr. Shea, the NATO spokesman, painted a picture of dramatically worsening conditions in Kosovo, saying that Serbian forces were killing young males, husking women and children to the frontier and demolishing cities and towns in parts of the province.

After his reference to the "Great Terror," Mr. Shea said that Serbian units were forcibly emptying and then burning urban centers on a scale and with methodical horror that paralleled the forced evacuation of Phnom Penh, the capital of Cambodia, by Khmer Rouge guerrillas in the 1970s.

Mr. Shea said that President Milosevic had a master plan for Kosovo that was already being put into effect before NATO planes dropped their first bombs on March 24, and, he said, would have proceeded even if the alliance had not acted. The difference, Mr. Shea said, "is that before he was doing this with impunity, now he is paying a price."

NATO, Mr. Shea said, is doing its best to get relief supplies into countries around Kosovo. "Mr. Milosevic must not be allowed to invade these countries with refugees," he stressed.

Reinforced, more specialized air power is being moved into the area, including B-1 strategic bombers, which carry cluster bombs designed to destroy tank concentrations.

Initially withheld from combat until Serbian air defenses were reduced, the A-10 aircraft, nicknamed "Warthog" in Vietnam because of its rugged look and tough performance, is escorted into combat by electronic warfare planes to jam Serbian defenses and by strike fighters to hit missile sites that lock onto NATO aircraft.

## KOSOVO: Refugees Recount the Terror

Continued from Page 1

he was able to identify only five of the corpses, brothers also named Rexhepi: Shani, Naisim, Njazi, Dever and Teki. One of the bodies was that of a teenager, he said.

Mr. Rexhepi and the boys returned to the hills. By Sunday, 5,000 people from villages in the area had gathered there. As Yugoslav forces surrounded them, the villagers took a woman's white handkerchief and attached it to a stick. A man stood up and waved it.

The Serbs gathered the refugees, separating the men from the women. They were walked in two columns, the men holding their hands behind their heads, for eight kilometers (five miles), Mr. Rexhepi said. They were then loaded onto trucks and driven within three kilometers of the border, where they were ordered to walk the rest of the way.

The march was a trail of horror, he said. A 22-year-old, Ayim Ramdan, suspected of being a member of the Kosovo Liberation Army, which has fought a long-term insurgency against Serbia, was pulled out and shot in front of his parents, Mr. Rexhepi said.

A deaf and mute man, Vefai Rexhepi, who did not understand when a Yugoslav soldier told him to give a three-finger Serbian salute, was taken from a column of refugees Sunday and shot in the head in front of his wife and two children.

Mr. Rexhepi said that others were struck with rifle butts, but that he was not assaulted. He said that those were the only two killings he witnessed on the march to Albania, but he said that other

men who started in the long column were missing when they reached Albania.

No one knows what became of them.

As he spoke, other men from Celin said: "That is what happened."

It was also on Thursday morning that Serbian forces began to shell the village of Tema in central Kosovo, said Ramada Shaqiri, 37, a carpenter. He hid in his house with his family, including his wife and two children. They heard an explosion and gunfire, but assumed it was part of the general assault on the village.

As the barrage eased, his wife ran next door, he said. When she entered the basement of the Gashi family compound, she found the first of 37 bodies, including the 67-year-old family patriarch, Myslim Gashi.

Mr. Shaqiri, who ran over to answer his wife's calls, said it appeared that Serbian forces had tossed a grenade into the midst of the cowering family and then opened up with automatic weapons.

He said some bodies also bore knife marks on their faces, as if they had been slashed posthumously.

"We saw the bodies with our own eyes," he said. "We have heard of many massacres. But we saw the Gashi family. They were massacred."

Mr. Shaqiri said that he and his wife and children fled to the neighboring village of Leshan for shelter before they, too, were rounded up and brought to the elementary school. He confirmed that the crowd of refugees was forced to shout "Long live Serbia" and give three-finger salutes.

During the day, Mr. Shaqiri was separated from his wife and daughter. Monday night, he sat by the side of the road to Kukes waiting for her with his two brothers and a sister-in-law. Their possessions had been reduced to a single bag of clothes and a plastic bag with some bread and Coca-Cola.

"One day we will go back to Kosovo," he said. "That's our land."

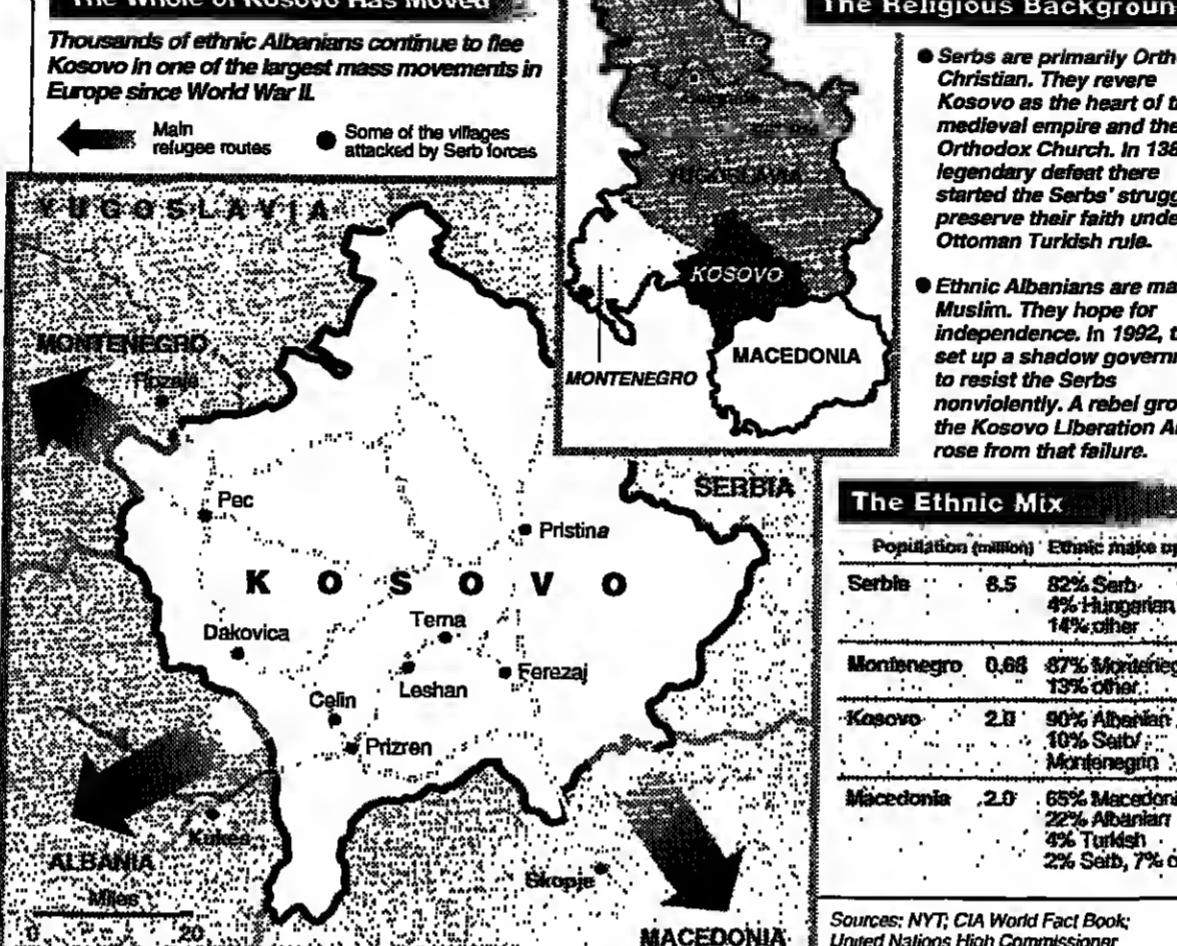
At noon on Saturday, Shaqiri Zhushti stood in a long line with 11 relatives and thousands of other ethnic Albanians, waiting to pass a checkpoint established by Serbian troops on a bridge in the western Kosovo city of Pec. After a long night of shelling by government forces, all the residents had been ordered that morning to abandon their homes and never return.

They stood two abreast in the line. As each person reached the checkpoint, Mr. Zhushti said, soldiers examined their documents and searched for money and jewelry. In the background, scores of homes were already aflame.

As Mr. Zhushti, 39, neared the troops milling around the checkpoint, a soldier caught his eye and told him to step out of the line. It was a man named Jura, a Serb who had worked with Mr. Zhushti for 17 years on the same assembly line at a factory in Pec that made industrial batteries. They had gotten along well, Mr. Zhushti recalled.

He knew that Jura, like most Serbian men in Kosovo, had kept both a military uniform and a gun on hand. He had not seen Jura for the last eight months, when conflict between Serbs and ethnic Albanians had grown more violent.

Jura and several others separated Mr. Zhushti from his family and pushed him into a shop beneath the bridge that the



chains, their first questions were about money.

Mr. Smajlaj, a farmer who shared a compound in Pec with three sons, five daughters and three other relatives, said he surrendered 200 Deutsche marks (\$109). When they asked for jewelry, his two daughters-in-law handed over all the jewelry they had received on their wedding days.

After shooting at some of the walls, men left the house in the Dardanica neighborhood of Pec. But later in the afternoon, two others wearing dark-green camouflage uniforms came to tell Mr. Smajlaj and his family that they would have to leave immediately. Otherwise, one of them said, they would be killed.

Similar orders were given to thousands of others in the neighborhood, who soon filled its narrow streets, he said.

Mr. Smajlaj and his family dutifully filed outside, and a neighbor, a Serb, noticed their distress. The neighbor complained to the troops, but they ordered him to shut up. "Why are you trying to help him?" they said. "He's an Albanian."

The last to leave the yard was Mr. Smajlaj's 17-year-old son Rexhep, and one of the soldiers pulled him aside. Mr. Smajlaj attempted to intervene, but he was struck on the back of the neck with a rifle butt, he said.

"They took him and put him behind the house," he said. "We were forced to go away, to leave" without him.

After arriving Sunday in a Montenegrin border town, Mr. Smajlaj sent his daughters on foot to stay behind him. Asked why he was walking up and down in front of the bus station

Monday, scanning the crowd, he said: "I am waiting for my 17-year-old son to come."

They crossed from Kosovo into neighboring Macedonia squeezed into a truck — 57 refugees in all, including 27 children of all ages. They came from the central Kosovo town of Ferezaj. Because of the relatives they left behind, they did not want their family name identified beyond a single letter: the "B." B. family.

On Thursday, Serbian troops entered Ferezaj and began to take up strategic positions, among them ethnic Albanians' houses on high ground. Then they sought out the largest and most opulent houses in the city to convert into barracks for small units.

Regular soldiers, paramilitary groups and civilians broke into grocery stores and pharmacies, looted them and set them ablaze.

Meanwhile, columns of refugees from the countryside began to arrive, including relatives of the B. family. "Serbs came into the villages and told us, 'Leave or die. You called for NATO to come. Let them save you,'" a family member said.

Neighbors began to arrive at their door as their homes were taken by troops. At night, explosions from NATO bombing echoed in the town. The families, their numbers finally swelled to 57, crowded into the basement.

"We had prepared," said the leader of the group, a young, burly man. "We had bread. That's all we ate for three days. The electricity was out. We knew nothing about the outside world except for the bombs."

On Sunday, peering out an upstairs window, they saw Serb soldiers seizing a house down the street. It was time to run. Carrying only some clothes for the children, they climbed into a covered two-ton truck and drove away. No one at roadblocks stopped them.

"I only think they wanted us to leave, or it was God's help," the young man said.

Chahir Gahi's last meal in Elezhan, a village in southern Kosovo, was a plate of beans he was sharing last Friday with seven neighbors. It ended when the front door was beaten down with rifle butts.

Serb soldiers held AK-47 rifles at the necks of the diners. "They told us, 'You want a Kosovo state, now see what you get,'" said Mr. Gahi, a lanky 55-year-old former cement factory worker.

In Kosovo homes, it is the custom to leave shoes at the door. Mr. Gahi and his friends had no time to put theirs on.

"I didn't even think about the shoes. We just got up and left." His brother, Cefet, was with him. He had been driven from another village. Serbian soldiers pointed guns at his belly and told him to go to Kacanik, but he refused, having heard that soldiers were occupying the town. The brothers' wives were already in Skopje, the capital of Macedonia.

"They left two weeks ago," the brother said. "They said there would be trouble once NATO began to bomb. I thought it was silly. I didn't want to abandon the house."

The brothers are now living in a house in an old neighborhood of winding alleys and Turkish balconies in Skopje. Eleven refugees are sheltered there among the usual 11 inhabitants.

Mr. Gahi said he would return to Elezhan, although he is certain his house has been burned. "I only regret that I had no time to untie the cows to let them graze," he said.

## CLARK: Wider Range of Targets Sought

Continued from Page 1

## EDITORIALS/OPIION

**Herald Tribune**  
INTERNATIONAL**Terror in Kosovo**

Slobodan Milosevic has answered NATO aerial attack with a vicious campaign of terror against the ethnic Albanians of Kosovo, creating a military and refugee crisis of major proportions. The United States and its European allies must respond with alacrity on both fronts, while giving Prime Minister Yevgeni Primakov of Russia a chance to seek a diplomatic settlement. Since the end of the Cold War, NATO has not faced a greater test of its unity or ability to react effectively to a rapidly developing threat to European stability.

Mr. Milosevic's butchery in Kosovo was not caused by the bombing. It began long before the air attacks commenced. It now calls for a sharp escalation in NATO bombing, a step that the alliance started to take on Monday as it turned its guns against Serbian army units in Kosovo.

Although air defense systems, airfields and other military targets in northern and central Serbia must not be neglected, the alliance should concentrate its attacks against Serbian forces that are killing ethnic Albanians and burning their villages as they sweep across Kosovo. If that requires further reinforcement of NATO squadrons with additional U.S. warplanes and helicopters, President Bill Clinton should not hesitate to do so quickly.

Intensified air strikes may not bring the carnage to a halt, but they can slow the Serbian offensive by disrupting supply lines, knocking tanks and artillery out of service and scaring infantry units. Any effort at this point to send arms to ethnic Albanian guerrillas, an idea gaining support in the U.S. Congress, would be unwise.

—THE NEW YORK TIMES.

**An Exuberant Market**

It was only last fall that stock markets in the United States and most other countries were reeling in fear of a possible worldwide recession. That it failed to appear is readily apparent from the fact that the Dow Jones industrial average closed above 10,000 on Monday for the first time — an increase of more than 30 percent in less than seven months.

The Asian crisis that sparked the worries is far from over, and the best thing that can be said about Russia, whose default on its debt precipitated the market plunge, is that the country has not descended into anarchy. Latin American economies remain troubled, with Brazil in a severe recession. Nonetheless, the developed world is optimistic. The British stock market also hit a record high this month, and most European markets have moved up as well, although not to new highs. Even long-suffering Japan seems to be reviving. One reason is that central

—THE NEW YORK TIMES.

**Doctor and Killer**

Jack Kevorkian dared prosecutors to charge him with murder when he videotaped himself administering a lethal injection to a man he had only just met, and then arranged for the tape to be shown on national television. Dr. Kevorkian had, perhaps, good reason to regard himself legally untouchable, having been acquitted in the past of multiple charges of assisted suicide.

But this time it seems he had gone too far. A jury in Michigan has convicted him of second-degree murder. His horrible career may finally be over.

The facts of the case were never in dispute. Last September Dr. Kevorkian administered a lethal dose of drugs to Thomas Youk, who had Lou Gehrig's disease. In past cases, Dr. Kevorkian had been accused merely of arranging for those who wished to die to take their own lives. This time his role was far more active. To put it simply, he killed Mr. Youk.

The issue of doctor-assisted suicide is, in general, a very difficult one of enormous moral complexity. The issue of Dr. Kevorkian in particular is not particularly complicated. This is a man who has aided in the deaths of many people whom he did not know and had not previously treated and whose mental competency to decide to die was in no position to assess. Whatever one thinks of assisted suicide, there is some demoniacal about a free-lance death peddler who seems, as Dr. Kevorkian has over the years, to be so energized by such morbid work. That juries keep acquitting him and that he acquired a

—The Daily Telegraph (London).

**Other Comment**  
**Plan Now for Deployment**

The stark choice now facing NATO leaders is whether to deploy their own ground troops in Kosovo before much of the province becomes the scorched earth familiar from an earlier campaign of ethnic cleansing in Bosnia. This

eventuality has so far been categorically ruled out by the alliance, which means that it has no answer to the question of what happens if bombing alone does not achieve the desired effect. If, after attacking a sovereign state for the first time in its history, NATO fails to get Slobodan Milosevic off the Kosovars' back, it will suffer a devastating blow to its prestige. Its planners should be drawing up options for the deployment of ground troops in Kosovo.

—The Daily Telegraph (London).

**Bomb the Serbs, Arm the KLA, Proscribe Milosevic**

By Zbigniew Brzezinski

WASHINGTON — NATO is at present engaged in primarily a strategic bombing campaign against Serbian command centers and air defenses. The problem with such a campaign is that it gives the Serbs time to engage in mini-genocide and in mass ethnic cleansing in Kosovo.

Moreover, a strategic air campaign mobilizes not only Serbian but international public opinion against a perceived attack on civilians. And it conditions the Serbs to dig in their heels and wait for a break in Western resolve.

To overcome this condition, three major steps are necessary, each entailing risks but each contributing to a higher probability of eventual success.

The first step involves an immediate shift to a combined strategic as well as tactical air campaign. Presumably this is happening already, but the point is that the tactical air campaign has to be extensive, intensive and persistent. Its object has to be the infliction of maximum casualties on Serbian military formations, and especially on heavy tank and artillery concentrations.

To the extent that Serbian forces are deprived of such assets, the remaining Serbian units will gradually lose their mobility, and their fire-power will be drastically decreased. The asymmetry be-

tween them and the Kosovo Liberation Army will thus be significantly reduced.

A tactical air campaign cannot be conducted without some loss of aircraft. Here, too, an adjustment in the prevailing Western outlook is needed. One cannot expect to wage war without suffering casualties. The more intensive the tactical air campaign and the earlier it comes, the higher will be the allied losses.

Yet not to undertake such a campaign means a much more massive number of Albanians killed by the Serbs and a higher level of Serbian confidence that Serbian forces on the ground will be able to achieve Slobodan Milosevic's fundamental political objective: the "cleansing" of Kosovo of its Albanian population. The trade-off, however painful for the West, is thus clearly in favor of undertaking the tactical air campaign at the earliest possible moment, and doing it to the maximum tactical military benefit possible.

The second major step that is necessary is to deprive the Serbs of any illusion that they may be able to retain Kosovo by force of arms, even while absorbing Western air bombardment. That means, in the first instance, a de-

liberate decision by the West to arm the KLA. Such a decision is both politically and morally justifiable, for the Albanians in Kosovo are currently facing the prospect of social extinction.

The KLA is not a force capable of matching the Serbs on the ground, and it is currently woefully underarmed, particularly in anti-tank weaponry. Anti-tank weapons presumably could be air-dropped to some KLA units. A prompt injection of Western arms would boost Albanian morale and send an unmistakable signal to Belgrade that there is no prospect of a Serbian victory on the ground, either politically or militarily.

Should the efforts to arm the KLA and to engage in sustained tactical air attacks prove inadequate, at some point Western public opinion may reach the conclusion that NATO ground forces have to be injected. A decision to that effect can be made only with strong public support, but the political case for such intervention should begin to be made now, especially in view of the atrocities being committed.

The third needed step is to face the fact that Milosevic's dictatorship has now forfeited any moral or political right to continued sovereignty over Kosovo. The original proposed "compromise" formula involved retention of nominal Ser-

bian sovereignty over Kosovo. The barbaric conduct of Mr. Milosevic's military and police has terminated such rights.

It is therefore timely for NATO to make clear that the alliance will not consider any solution that entails the retention of Mr. Milosevic's authority over Kosovo. The purpose of the continuing military operation now has to be political self-determination for the Kosovars, and only a democratic government in Belgrade can be a party to any transitional arrangements that might involve less than that.

Whether one likes it or not, the events of the past week have transformed both the military and the political dimensions of the Kosovo problem. A failure to prevail would precipitate a fundamental crisis of unity within NATO and a more anarchic global state of affairs. That fact should be faced squarely.

Whatever one may think of Western diplomacy and of U.S. leadership during the past few months, the issue now has been joined. If the words "never again" are to have any meaning, a civilized Euro-Atlantic community cannot tolerate genocidal barbarity in its own midst.

The writer was national security adviser to President Jimmy Carter. He contributed this to The Washington Post.

**Primakov Should Work to Halt Serbian Crimes in Kosovo**

By Strobe Talbott

WASHINGTON — Prime Minister Yevgeny Primakov of Russia was in Belgrade on Tuesday with the Serbian capital itself while Mr. Primakov was visiting NATO to either bend Mr. Milosevic to accept the international peace agreement or destroy his capacity to terrorize the people of Kosovo, kill their leaders and drive them from their land.

As Secretary of State Madeleine Albright stressed to Foreign Minister Igor Ivanov when they talked by telephone on Monday, the precondition for a return to diplomacy is an end to the frenzied slaughter that Serbian soldiers, police officers and paramilitary gangs are carrying out against ethnic Albanians in Kosovo. If that is Mr. Primakov's message to President Slobodan Milosevic of Yugoslavia, the mission

Because NATO was founded 50 years ago to deter the Soviet Union, many Russians react viscerally to its continuing existence, its enlargement and, now, its resort to force against another country with strong historical, ethnic and religious ties to Russia.

However, there would be something perverse about Russia's appearing to side with the Belgrade regime in the current conflict. During the past decade, Russia and Serbia have been diametrically opposed in handling their post-Communist transitions. Since the Soviet Union dissolved, eruptions

of bloodshed and repression like the one in Chechnya have been exceptions to the rule.

By and large, the emergence of 15 new independent states has been remarkably peaceful, and many of those states, notably including Russia itself, have moved quickly to join the democratic community.

The breakup of Yugoslavia has been an ongoing horror replicate with war, irredentism, mass graves, charred villages, concentration camps and waves of refugees. It is worth pondering how much better off Europe would be today if Serbia had followed the example of Russia, Ukraine and the other former Soviet republics.

It is not hard to imagine how much worse off the whole world would be if anything like the meltdown of the old Yugoslavia had occurred across the 11 time zones of the old Soviet

Union, with 30,000 nuclear weapons in the mix.

The United States and Russia have had their disagreements, but they have accomplished a great deal together on the basis of mutual interest, including in the Balkans. Their troops are still serving together in Bosnia. Along with Britain, Italy, France and Germany, the United States and Russia have accepted cover for village-by-village devastation of Kosovo.

The escalation of the atrocities since then has crystallized the challenge. This is barbarism in our own time, in the heart of Europe, on the eve of the 21st century.

It is hard to believe that Russians of any stripe would want to defend, or identify themselves with, an abomination against the most elemental standards of decency and a repudiation of much that the Russian people themselves have achieved since they put Soviet communism behind them.

The writer is the U.S. deputy secretary of state. He contributed this comment to The New York Times.

**Washington Needs to Find a Better Solution for Kosovo**

By Thomas L. Friedman

TOKYO — NATO has made its point that it is serious about degrading the Yugoslav army. And President Slobodan Milosevic of Yugoslavia has made his point that you can pound, kill and curse the Serbs, but you cannot make peace in the Balkans without them. Now it is time to get back to the negotiating table before this situation spins out of control.

I believe there is still a basic for a deal, but the Clinton team has to be much clearer about U.S. interests in Kosovo. This is the cruelest kind of euthanasia, and to have treated it as less than wholly criminal would have been to sign off on the least accountable type of "mercy killing." Fortunately, a jury has finally drawn a line.

—THE WASHINGTON POST.

As a moral nor a strategic interest in the independence of Kosovo. The moral interest in Kosovo is to prevent the murder of innocent civilians, which can be done in the context of protected autonomy for Kosovo's majority Albanian population. And

the U.S. strategic interest is that Kosovo not be independent.

The United States does not want to be formally or implicitly obligated to Kosovo independence, because it would be an endless commitment, because it would send an unrealistic message to Basques, Kurds and other aggrieved ethnic groups that America will support their independence, and because Albania is already a failed state. It does not need a twin in Kosovo.

Secretary of State Madeleine Albright never should have supported a peace plan that committed America to anything other than protected autonomy for Kosovo — period, full stop, no further negotiations, unless the parties themselves agree on partition. And if the Kosovars would not have accepted such a plan, then they should have been told they were on their own.

So now what? The Clinton team is going to have to eat some crow — and eventually they will. They need to put the United States behind a new peace plan that is consistent with U.S. moral and strategic interests, and which a decent Serbian leader — and maybe even the war criminal Slobodan Milosevic — will be tempted to accept.

Such a plan would make clear that the only final status Washington will ever support for Kosovo is autonomy. The actual autonomy framework should be based on the generous cultural and political autonomy accorded the Kosovars in the beginning of the century.

The original strategy was gradually to tighten the screw by increasing the pain of bombing attacks until Mr. Milosevic yielded and came to Ramboville to sign a peace deal. But he has the army, the security services and most of the media firmly in hand. His government covers a spectrum of political parties. The population feels outraged at the demands and actions by the West in what it regards as a Serbian province in which it is facing a terrorist-led revolt.

It is clear that this strategy is a failure.

A new political solution must therefore be sought. One would be to divide Kosovo, giving the Albanian community an independent homeland in the south and leaving a northern slice inside Serbia. NATO could re-establish the relationship with Russia by involving its government in such negotiations.

Only by succeeding quickly in bringing peace to the area can NATO save its credibility.

The writer, a veteran commentator on NATO affairs, contributed this article to the International Herald Tribune.

**IN OUR PAGES: 100, 75 AND 50 YEARS AGO****1899: Pushkin Show**

PARIS — According to a statement in the "Novoe Vremya," the Emperor Nicholas II has ordered the Treasury to devote 1,000 roubles to the establishment of an exhibition at the Academy of Sciences containing mementoes of the poet Pushkin, his manuscripts, editions of his works, etc. Another 1,000 roubles is to be paid to Mr. A. K. Glazimoff, the composer, who has set to music a cantata in Pushkin's honor, and 1,000 roubles for the cost of publishing the same.

The New York Times.

**Prefect of Police would send extra squads of policemen to keep back the tremendous crowds that are expected to storm the markets to get the berries at these attractive prices.****1949: German Crisis**

BONN, Germany — One of West Germany's strongest political parties launched a last-minute drive to break the deadlock threatening the new West German constitution. The Christian Democratic Union appealed to the Social Democrats to compromise. Unless the Germans agree soon on a constitution acceptable to the Western Allies occupying powers, the planned creation of a West German state may founder. The American, British and French Military Governors rejected the constitution drafted by the German parliamentary council until it is changed to weaken the powers of the central government.

**1924: First Berries**

PARIS — The first strawberries have arrived in the Paris markets. The thrifty housewife, when she goes to market these days, can have her choice of succulent and perfumed Rosys at 14 francs to 25 francs for a plate of 8 to 15 berries. There was talk that the

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## OPINION/LETTERS

# The Prospects for Recovery in Asia

By Francis Colaço, Dominique Dvor-Frécaut  
and Mary Hallward-Driemeier

**BANGKOK** — East Asian companies undergoing restructuring are best placed for an early recovery from the regional financial crisis, according to a new survey supported by the World Bank of 4,000 companies.

The survey also demonstrates that the pace of recovery varies strongly from country to country, and from sector to sector of each economy.

Little comprehensive information on the corporate sector was available before the crisis in what had been the world's fastest growing economies.

Without a good understanding of the real state of Asian companies, governments and markets were working on the assumption that high growth would continue indefinitely.

Yet the survey results show that many East Asian firms had falling profits and idle production lines even before the crisis started in Thailand in July 1997.

Anxious investors could only guess at the real extent of corporate problems as the contagion unfolded. A shift in market sentiment, rather than hard economic evidence, played a big role in a reversal of capital flows equivalent to 10 percent of the combined gross domestic product of Indonesia, South Korea, Malaysia, the Philippines and Thailand in 1997.

To cope with this reversal, governments had to undertake economic stabilization programs and corporate restructuring without a sound understanding of what was really happening to businesses.

To fill this information gap, the governments of Indonesia, South Korea, Malaysia, the Philippines, and Thailand, with advice and technical assistance from the World Bank, undertook surveys of about 4,000 firms in these countries in the most important sectors for production and exports, including textiles and garments, food processing, electronics, auto parts, chemicals and machinery.

The surveys provide information on the impact of the crisis, the efficacy of government programs and the prospects for corporate recovery as seen by companies, together with information on companies' balance sheets, corporate governance, research and development, training, and business environment.

The surveys were completed only recently and will be the subject of a roundtable regional consultation in Bangkok organized by the World Bank.

The results of the surveys indicate that countries and sectors have been affected by the crisis in sometimes sharply different ways. For example, a decline in the use of

existing factories was twice as severe in Indonesia as in the Philippines, and twice as high in the auto parts sector as in food processing.

Despite such variations, the data demonstrate that manufacturers in the five East Asian countries share one main concern: the collapse of domestic demand for their products.

This has obviously played a big role in the decline of companies oriented toward the domestic market. But it has also hit exporters, since about half of their products have been sold in regional markets.

Moreover, exporters report that, at the same time as their markets were shrinking, they were hit by a decline in the competitiveness of their products.

These results show that an expansion of demand may not be enough to revive the corporate sector, and that corporate restructuring to enhance competitiveness is also needed.

The survey provides direct evidence of the extent of credit constraints in the five countries.

Overall, companies are complaining more about the high cost of loans than about credit availability, even though interest rates have returned to pre-crisis levels.

While economic stabilization programs and the attempt by banks to maintain liquidity and capital adequacy ratios have reduced the credit available, the World Bank survey



suggests that the decline in demand for products has produced an even bigger decline in the demand for credit by companies.

The new data also indicate that layoffs have not been commensurate with the decline in output, and that this has helped reduce the social impact of the crisis.

Layoffs have generally affected younger workers. However, in some cases such as South Korea, older workers with more dependents, who are difficult to retrain and re-employ, and hence likely to remain unemployed longer, have been rehired.

The surveys show how social safety nets should be targeted.

What are the prospects for corporate recovery in 1999? A third of the surveyed companies expected that they would increase production

over the next six months, against 40 percent of companies that anticipated a further decline.

The survey shows that recovery is uneven among sectors and countries. South Korean and Malaysian companies were less pessimistic, while Philippine and Indonesian firms had more negative expectations. Exporters are more optimistic than non-exporters, with South Korean exporters the most bullish.

*Mr. Colaço is president of Asia-Pacific Management Consultants. Ms. Dvor-Frécaut and Ms. Hallward-Driemeier are World Bank economists and the organizers of a conference on the survey's findings in Bangkok from March 31 to April 2. They contributed this comment to the International Herald Tribune.*

# In New York, Protests Driven by Conscience

By John Lewis

**WASHINGTON** — More than a thousand people have been arrested for protesting police brutality in the case of Amadou Diallo, the unarmed immigrant who was

## MEANWHILE

killed outside his apartment in the Bronx a few weeks ago. Some critics, including Mayor Rudolph Giuliani, have ridiculed the demonstrations at New York's police headquarters as a publicity stunt.

There is no reason to think that these changes would have happened without the protests. The history of civil rights has always had much to do with timing and, especially, symbolism. When it comes to effecting social change, one could say that substance follows symbolic action.

In 1993, when Governor Zell Miller of Georgia and others proposed changing the state flag because it bore the bars of the old Confederacy, he drew on the power of symbolism to make a point about how far the South had come since the days of slavery and Jim Crow. Changing the flag was not going to feed the hungry or improve the state's schools, but the importance of the symbol was not lost on Georgia's blacks.

Likewise, when John Kennedy ran for president in 1960, he earned credibility on civil rights issues when he called Martin Luther King Jr.'s wife, Coretta, to voice concern about the well-being of Mr. King, who was sitting in an Atlanta jail. Because of moments like these we cannot underestimate the role symbolism plays in politics, especially when the public needs a sign from its leaders that its concerns are being heard.

These are lessons that Mr. Giuliani would do well to learn. "True peace is not merely the absence of tension and conflict; it is the presence of justice," Mr. King wrote as he sat in a Birmingham jail cell. The recent demonstrations have reminded us of the truth of those words. It is the protesters' conscience, not the desire for publicity, that called them to act.

*The writer, a Democratic representative from Georgia, was a leader in the American civil-rights movement. He contributed this comment to The New York Times.*

# A Palestinian State Is the Only Way Forward for Peace in the Middle East

By David Kimche

**TEL AVIV** — In the 1970s, when I was a senior operative in the Mossad, Israel's foreign intelligence service, Yasser Arafat was my blood enemy.

My colleagues and I hunted him and his terrorist Palestine Liberation Organization henchmen, trying to stop them from murdering innocent Jews and certain that his demise would be a great victory for Israel.

Now, in the wake of last week's meeting between Mr. Arafat and President Bill Clinton in Washington, I find myself hoping that the United States will help my former foe, protecting Israel's security by assisting him in achieving Palestinian self-determination as long as he does so peacefully and within the framework of negotiations with Israel.

Mr. Arafat is still hardly my idea of a perfect neighbor. But he is the only Palestinian leader capable of making concessions to Israel while retaining power and domestic support.

Unless Israel and the United States ensure that he remains strong enough to lead his people to a negotiated peace, he is likely to be seriously undermined by Islamic fundamentalists who favor armed struggle over negotiations, whose methods of mass terror are far more horrifying than anything I confronted 25 years ago.

Mr. Clinton was right to warn Mr. Arafat, as he reportedly did last week, about the dangers of making good on his threat to declare a Palestinian state, "but believe

that Israel's consent to such a state "ought to be used as a bargaining chip."

Even Ariel Sharon, Mr. Netanyahu's强硬的 foreign minister, has publicly admitted that Palestinian independence is a foregone conclusion, and polls show that most Israelis understand this.

The United States must remain an evenhanded mediator trusted by both sides, and cannot tilt toward the Palestinian position on statehood — as the European Union did last week when it passed a resolution recognizing Palestinians' "unqualified right" to their own state.

Finally, it is vital that Mr. Arafat be able to show his Palestinian constituency that the United States does not single out the Palestinian Authority for criticism.

The Clinton administration should keep speaking publicly against needless provocations by either side —

whether Israeli expansion of Jewish settlements on the West Bank or Palestinian officials' use of inflammatory rhetoric against Israel.

American mediation will fall unless the demands that the United States makes of Mr. Arafat are leavened with some diplomatic rewards.

I cannot forgive my old enemy for endorsing the murder of my countrymen decades ago, but it would also be unforgivable to deny him, and the Israelis, the chance to end the bloodshed.

*The writer, a Tel Aviv-based member of the advisory council of the Israel Policy Forum, was director general of the Israeli Foreign Ministry from 1980 to 1987. He contributed this comment to The New York Times.*

## LETTERS TO THE EDITOR

### No Celebrations

*Regarding "Despite Ourselves, NATO Unity Endures" (March 29):*

The writer, William Drozdak, describes the sentiment in the Netherlands following the shooting down of a Yugoslav MiG-29 jet fighter by a Royal Netherlands Air Force F-16.

As chief of public information for the Royal Netherlands Air Force, I disagree with Mr. Drozdak when he concludes that the pilot was treated more like a pariah than a national hero.

Celebrating an aerial victory is not appropriate, especially when we consider the situation of the people of Kosovo. The Royal Netherlands Air Force is a highly professional organization and any feelings of joy over the shooting down of the Serbian plane are limited to satisfaction that the quality of training and equipment and the professional approach of all personnel involved paid off.

A.R. FOKKEMA

The Hague

*The writer is a lieutenant colonel, chief of public information for the Royal Netherlands Air Force.*

### U.S. Dues to the UN

Recent news reports suggest that the United States risks losing its UN General Assembly vote because of a failure to pay UN arrears.

Potentially losing the right to vote in the General Assembly is a serious matter, but the United States is already paying a heavy price in terms of prestige and political clout in the world body because of its shameful debtor status.

This situation was glaringly evident during a recent visit to the UN complex in Geneva, the center of a broad range of international agencies involved in economic, social and humanitarian work. Clearly there, as in New York, the U.S. capacity to influence other member states, even some of America's closest European allies, is diminishing as a direct result of the failure to pay UN dues.

As an organization whose founders were deeply involved in the UN's creation, we are concerned about the current state of affairs. Whatever one may think about the UN — and there is plenty of room for criticism — it remains an indispensable body for fostering global

cooperation, advancing conflict resolution and peacekeeping, and addressing the needs of the world's least developed nations.

American engagement with the United Nations promotes the national interest. We should pay our full debt now.

DAVID A. HARRIS

New York

*The writer is executive director of the American Jewish Committee.*

### The Pinochet Ruling

Two elements are missing in the ruling handed down by the seven Law Lords in London. First, Augusto Pinochet was president of the junta, hence head of state, before the

end of 1973, but he was no such thing in the opening weeks of the coup, when many of the worst atrocities were committed. Second, the principle that a head of state does not enjoy immunity from arrest and judgment was established at Nuremberg: Admiral Karl Doenitz was head of state of Nazi Germany beginning May 1, 1945, but that did not save him from appearing before the tribunal.

DAVID WINGATE PIKE

Paris

*The writer is in doubt about the legality of NATO intervention in the internal affairs of an independent country (Yugoslavia).*

Regarding this matter, there was a successful precedent 102 years ago.

In 1897, the great powers — Britain, France, Russia, Germany and Austria — were able to prevail upon the Ottoman Empire, without the use of force, to completely evacuate the island of Crete, which was then a Turkish province.

The reason for the demand was the mistreatment of the local population, which was 75 percent Greek and 25 percent Turk.

The great powers set up a locally elected government with Prince George of Greece as high commissioner.

T.L. CHRYSANTHOUPOULOS

Aegion, Greece

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T.L. CHRYSANTHOUPOULOS

Aegion, Greece

*The*

## American Sings A Song of France

Dawn Upshaw's Range and Reach

By David Stevens

International Herald Tribune

**P**ARIS — The American soprano Dawn Upshaw has been in town for the last couple of months giving an impressive demonstration, not only of her radiant vocal estate, but of the range of her musical curiosity and the exect of her stylistic reach.

After performing a group of Cante-loupe's "Chants d'Avignon" with the San Francisco Symphony during its European tour last month, she settled in at the Opera Bastille for a revival of Mozart's "Magic Flute," in which she was a warmly appealing Pamina despite the arch stylization of Robert Wilson's production.

This was followed by an extraordinary recital at the Theatre des Champs-Elysées under the title of "The Composers' Muse — Homage to Jane Bathori," with the young French pianist Jerome Ducros as her alert and sensitive collaborator.

Jane Bathori was the stage name of Jeanne-Marie Berthier (1877-1970), a singer — a mezzo soprano — who was also the tireless promoter and performer of the song literature of just about every important French composer during the first three or four decades of this century.

In other words, she was an indispensable collaborator in the vocal music of Debussy and Ravel, then of Satie and the group of composers lumped together as Les Six, and a number of their contemporaries. She performed the same service for their vocal music that the pianist Ricardo Vines did for the keyboard works of the same composers.

She concentrated on recitals, often

as her own accompanist, although she was not a complete stranger to the operatic stage. In 1902, Toscanini brought her to Milan as Hansel in the La Scala premiere of Humperdinck's "Hansel und Gretel," and as late as 1933 she sang Conceito in Ravel's

"L'Heure Espagnole" in Buenos Aires, where she appeared often and spent the World War II years. During the first war she had become the de facto impresario of the Vieux Colombier theater in Paris, during the absence of Jacques Copeau's theater troupe.

In 1907, with Ravel as pianist, Bathori gave the first performance of "Histoires Naturelles," Ravel's setting of Jules

Record's precise and witty animal sketches — peacock, cricket, swan,

kingfisher and guinea hen. Ravel wrote in a kind of recitative linked closely to the inflections of the French language.

The absence of "melody" upset the audience and, even more, some of the critics.

Today it is hardly possible to understand such an uproarious reception, and Upshaw's performance provided a delightful cocoon to an inventio-

nary of the "poemes Juifs," a reminder of the composer's deep roots in the Jewish history of Provence; a trio of Germaine

Tailleferre's droll and sensuous "Chansons Francaises"; three of Erik Satie's songs; Arthur Hocqueur's six Apollinaire poems, and Debussy's "Promenoir des Deux Amants." Poulen, Roussel and Koehlein were among the others on a rich menu.

The soprano's American affinities

are suggested in a recent recording of the songs of Vernon Duke and another CD that ranges from Bernstein to Blitz-

stein, Sondein and Weill. And new

projects on Upshaw's horizon include

the role of Daisy in "The Great

Gatsby," a new opera by John Har-

bison scheduled for next season at the Metropolitan and the Lyric Opera of

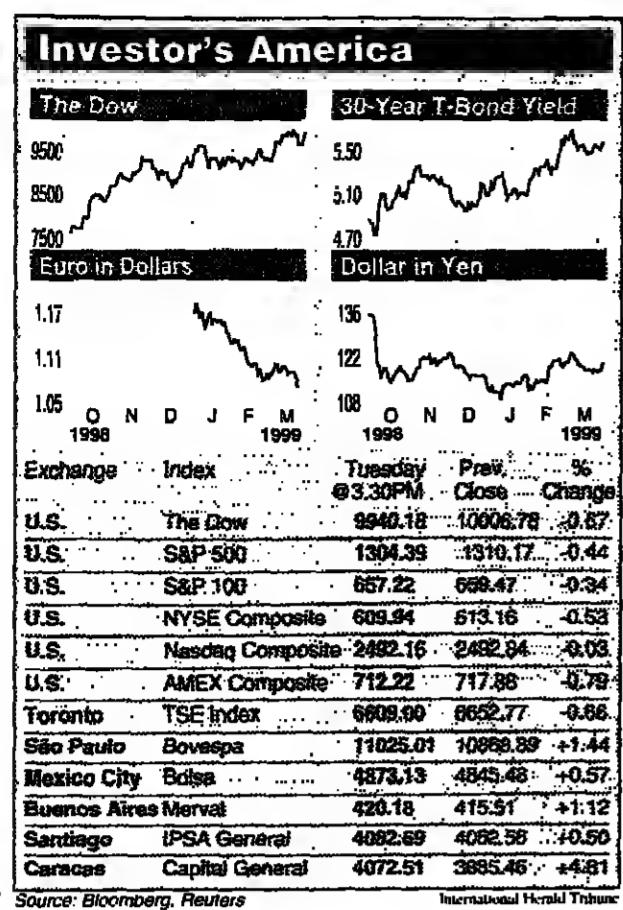
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## THE AMERICAS



## Dollar Keeps A Damper On the Euro

Bloomberg News

NEW YORK — The dollar was little changed against the euro and other major currencies Tuesday, though the bombing in Yugoslavia kept the dollar near its record against the European single currency.

The crisis adds another strain to Europe's stagnant economies, while

### FOREIGN EXCHANGE

the U.S. economy booms and its stock markets reach records.

"Kosovo isn't helping what is already a bad situation for the euro," said Bob Lynch, a currency strategist at Paribas Corp. "If you're a short-term investor, I'd sell euros at \$1.0750 and look for a move back down to \$1.07 or below."

In New York, the euro was at \$1.0717 in late trading, down slightly from \$1.0737 late Monday, but above a low of \$1.0680 reached earlier Monday.

The dollar also was drawing strength from the surge in U.S. stocks that propelled the Dow Jones industrial average to a close of 10,006.78 on Monday, its first close above 10,000.

The dollar was a little lower at 120.20 yen, down from 120.43 yen. In other trading, the dollar was at 1.4930 Swiss francs, up from 1.4844 francs, and the pound was at \$1.6121, down from \$1.6167.

### As Usual, 007 Leaves Opposition for Dead

The Associated Press

LOS ANGELES — Sony Corp. has given up its fight to make a James Bond film under multimillion-dollar settlements reached with Metro-Goldwyn-Mayer Inc. and producer Danjaq LLC.

"We have given up the universal right to make a James Bond picture," said Sony's lawyer, David Steuber.

"James Bond resides at one address — that of MGM and Danjaq, his constant home of the last 37 years," Frank Mancuso, the head of MGM, said.

The settlement involves a \$5 million payment by Sony to MGM and effectively oust permanent a preliminary injunction issued by a court in July 1998, prohibiting Sony from making Bond movies in the United States, MGM said.

Even if Kosovo were not straining U.S. relations with Moscow, the United States was already trying to limit the IMF's re-engagement with Moscow. American officials have told the Fund that they would oppose offering what the Treasury calls "new resources" to Russia, meaning that any loans could be used only for repaying the Fund or the World Bank. Under one possible plan under discussion, Russia would repay the Fund, only to receive a check for roughly the same amount the next day — a move that, in other contexts, is called check kiting.

American officials have gone fur-

## Wall Street Takes a Pause After Run to Record

Compiled by Our Staff From Despatches

NEW YORK — Stocks were mixed Tuesday amid profit-taking, a day after the Dow Jones industrial average closed above 10,000 for the first time. But bond prices rose modestly as the Federal Reserve Board kept interest rates steady at its policy-making meeting.

Coca-Cola dragged the Dow lower after it warned of weak sales, while America Online led a rally in computer-related shares.

"Any company with international exposure — and Coke is the ultimate one — is experiencing the slowdown of those economies," said Joseph Williams, a money manager at Commerce Bank in Kansas City, Missouri.

Weakness abroad will hold the market back this year, he said.

The Dow fell 71.60 points, to 9,935.18 in late trading, paring a 132-point loss. On Monday, the Dow closed at 10,006.78, a record. The Standard & Poor's 500 index slid 5.90 to 1,304.27. AOL shares tempered the loss with a 10 percent gain.

The Nasdaq composite index rose 0.12 point, to 2,492.96, led by Microsoft.

Five stocks fell for every four that rose on the New York Stock Exchange.

Analysts say that with the Dow having pushed into record territory on Monday, a pullback would be normal.

"A little pause but certainly nothing to worry about," said Arthur Hogan, chief market

### U.S. STOCKS

analyst at Jefferies & Co. "The long-term investors who have stayed in this market have been correct."

Bonds gained for the first time in four days as the Federal Reserve held interest rates steady at 4.75 percent, suggesting that central bankers are not concerned that economic growth will fuel inflation.

Earlier in the day, the Conference Board reported that consumer confidence in the U.S. economy rose for the fifth straight month in March as jobs remain plentiful and inflation is scant. The board's index climbed to 133.9 in February, according to the New York-based research group.

The benchmark U.S. 30-year Treasury bond rose 2/32 to 95 1/32. Its yield fell 6 basis points to 5.58 percent.

Dow component Coca-Cola fell 2 to 62 1/316 after warning late Monday that its sales had fallen in the first quarter because of slack demand for soft drinks in Europe and Latin America.

Among other Dow stocks, General Motors said it would meet its first-quarter earnings estimates, but warned that its financial targets for 1999 were too aggressive. GM initially declined, but in late trading, it rose 3/8 to 87 7/8.

America Online rose 12 9/16 to 144 15/16 and Sun Microsystems climbed 1 1/2 to 126 1/8 after the companies outlined a joint strategy to simplify electronic commerce with a line of products and services that will compete directly with existing offerings from International Business Machines and Microsoft.

Central European Media Enterprises gained 4 1/2 or 53 percent, to 13 after news that the company, the leading commercial television company in Central and Eastern Europe, is being bought by SBS Broadcasting SA for \$615 million in stock and assumed debt.

Iridium World Communications fell 3/8 to 16 5/16, a 52-week low, after the troubled satellite-based global phone network was downgraded by Merrill Lynch. (Reuters, Bloomberg, AP)

## FILMS: China Raises Hollywood's Export Hopes by Allowing More U.S. Movies

Continued from Page 11

terview. "We'd like to come in and build multiplexes," he said, which could attract more consumers to both Chinese and American films.

Mr. Valenti is in China as part of a trade mission led by the American secretary of commerce, William Daley.

By an unwritten rule, only about 10 foreign films per year, virtually all of them American, are allowed to play inside China on a basis of shared box-office revenues. China's concerns are partly ideological — the Communist Party worries about "spiritual pollution" from the West. But the country is also out to protect its own weak film industry.

China has not offered clear criteria for its choices, but generally avoids films that have nudity or that delve into politics.

Last year only seven American films were released here, including "Titanic," which was a sensation and grossed more than \$35 million in China, and "Saving Private Ryan," which had modest results.

For 1999, eight films have been approved so far, including "Dr. Dolittle," "The X-Files," "A Bug's Life" and "The Truman Show." Only the Disney animated film "Mulan" has actually been released up to now, though, and its take is suffering because of massive pirating.

The acceptance of "Mulan" was delayed last year because of Chinese

anger over Walt Disney Co.'s involvement with a film glorifying the Dalai Lama. But Disney has patched things up with the government, and three other of its films, in addition to "Mulan," have been approved for release in 1999.

Dozens of other foreign films, most from Hong Kong and Taiwan, play in China for a flat fee, an arrangement that is not interesting to Hollywood studios, according to William Brent, president of China Entertainment Network, a consulting firm based in Shanghai.

China's own film industry produced about 80 films last year, Mr. Brent said. But these are made under conditions of censorship with outdated technology, and seldom strike a chord with consumers.

China does have some directors of international stature such as Zhang Yimou and Chen Kaige, whose films are respected if not always commercially successful, as well as other promising directors who might benefit from exposure abroad.

"You can see what the Chinese are afraid of," Mr. Brent said.

"Titanic" and "Saving Private Ryan" alone probably accounted for 30 percent of the total box office in China last year, and if 30 American films come in, their own industry could be totally wiped out.

Mr. Valenti proposed that in the year from June 1999 to June 2000 China allow 17 American movies in, then about 25 during the next year.

## RUBLE: Political and Economic Concerns Cause U.S. to Limit Russia's Bailout

Continued from Page 11

sumption of help for Moscow at a moment when Russia was resuming aid to Mr. Milosevic. While the United States holds only an 18 percent vote on the board of the Fund, it could as a practical matter veto an aid package. On Monday, officials went out of their way to make sure that Mr. Primakov understood that the two issues were closely linked.

"A U.S. judgment about an IMF program," a senior administration official said, "would depend on Russian economic policy actions and could also be influenced by broader political developments."

Even if Kosovo were not straining U.S. relations with Moscow, the United States was already trying to limit the IMF's re-engagement with Moscow. American officials have told the Fund that they would oppose offering what the Treasury calls "new resources" to Russia, meaning that any loans could be used only for repaying the Fund or the World Bank. Under one possible plan under discussion, Russia would repay the Fund, only to receive a check for roughly the same amount the next day — a move that, in other contexts, is called check kiting.

American officials have gone further, saying that by the end of the year they want to make sure Russia pays more to the IMF in 1999 than the IMF pays Russia. But officials inside the World Bank and the Fund say they oppose that approach.

Mr. Camdessus was clearly seeking to mend fences in Moscow over the weekend. He made a whirlwind tour of the Russian political elite, meeting with parliamentary leaders, with directors of Gazprom, the giant Russian natural gas company, and even dining with the patriarch of Moscow and All Russia, Alexei II. He also spoke on the telephone with President Boris Yeltsin.

Russia agreed to raise 60 billion rubles — about \$2.4 billion at current exchange rates — in new revenues, partly by postponing a cut in Russia's value-added tax. The Fund had protested the Russian Duma's passage of the tax cut, noting that the VAT was one of the few taxes that Russia successfully collects.

The Fund said it also reached an agreement with Russia that its budget would run what is called a "primary surplus" of 2 percent of the country's gross domestic product, or roughly \$3 billion. The term refers to a surplus before payments for foreign debts. But how the Russians would achieve that surplus, plus one senior IMF official said, "is still a considerable mystery."

## GAZETA: Thriving on Values

Continued from Page 11

The newspaper's regional strategy wins high marks from advertisers. Ewa Kaminska, associate media director at the advertising agency Euro RSCG Poland, said: "The local supplements were very smart because the Polish market is very locally oriented. Our clients like first the reach — they are quite mass but they are also upmarket — and second the very good editorial and technical quality. They give credibility to advertising."

Gazeta's ad sales are two to three times those of its nearest competitor, the former Communist government newspaper Rzecznikopolski (Republic), a business and politics broadsheet, and Super Express, a downmarket tabloid.

Today's Gazeta can hold up to 200 pages, including a 48-page main news and commentary section, and the launch next month of a new women's magazine supplement, "High Heels," should bring the Friday edition to 300 pages.

Sales hit an estimated 538 million zloty (\$135.2 million) last year, and pretax earnings reached 133 million zloty. Estimates for 1999 put sales at 677 million zloty and pretax earnings at 230 million zloty, with a projected net profit of 120 million zloty.

All this makes Agora share a good buy, analysts say.

The share issue will take only 13 percent of the company public — the rest is held by employees and Gazeta's existing partner, the United States-based Cox Communications Inc. — but was 12 times oversubscribed by a zloty a share.

Trading is due to begin in Warsaw next month, but London-based global depository receipts are already changing hands.

Pawel Lubecki, an analyst at Erste Bank in Warsaw, said investors seemed to like Agora because it was the first new listing in Central Europe of a company in the fast-growing media business.

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He credited its American-educated chief executive, Wanda Rapackinska, for turning Agora into a tightly run company, one of the most transparent in Poland. She wants to use the cash raised from the stock sale to build new printing plants.

## INTEREST RATES

Tuesday, March 30

### Government Debt

2-month 4-month 1-year 2-year 5-year 10-year

United Kingdom 2.00% 2.00% 2.00% 2.00% 2.00% 2.00%

France 2.88% 2.88% 2.88% 2.88% 2.88% 2.88%

Germany 2.85% 2.85% 2.85% 2.85% 2.85% 2.85%

Italy 2.50% 2.50% 2.50% 2.50% 2.50% 2.50%

Japan 0.11% 0.11% 0.11% 0.11% 0.11% 0.11%

United States 2.85% 2.85% 2.85% 2.85% 2.85% 2.85%

Yield 4.44% 4.44% 4.44% 4.44% 4.44% 4.44%

Price 4.36% 4.47% 4.56% 5.06% 5.56% 5.59%

Source: Bloomberg

### Money Market Rates

United States Today Prev. Britain Today Prev.

Discount rate 4.12% 4.12% 4.12% 4.12% 4.12% 4.12%

Base rate 5.50% 5.50% 5.50% 5.50% 5.50% 5.50%

Call rate 5.5



**Tuesday's 3 P.M.**  
The 2,300 most traded stocks of the day.

The Associated Press



**Continued on Page 16**

## ASIA/PACIFIC

**Thailand Unveils \$3.5 Billion Stimulus Package Trade Gap Widens in Australia**By Thomas Crampton  
*International Herald Tribune*

**BANGKOK** — The government on Tuesday unveiled a multibillion-dollar economic stimulus package intended to lift the country from recession by increasing consumer spending.

The wide-ranging package — worth about \$3.5 billion — includes tax cuts, new government spending and a reduction of electricity and energy prices.

The cuts are projected to reduce state revenue by between 53 billion baht and 78 billion baht (\$1.41 billion and \$2.07 billion), or about 9 percent of this year's budget.

But analysts said that more than a Japanese-style stimulus would be required to restore the moribund economy to growth.

"This package will help stop the spreading rot, but it won't cure the economy anytime soon," said Peter Redhead, head of research at ING Barings in Bangkok. "The priorities for recovery remain the sorting out of bad corporate debt and the recapitalization of the banks."

Arpom Cheawakengkrai, economic advisor to Thailand's prime minister, said the package, financed with loans from Japan and the World Bank, is intended to encourage domestic demand, reduce unemployment and increase confidence in corporate Thailand.

"Now, many banks are frightened to lend money to businesses that need the support survive," Ms. Arpom said. "If this package can get everything moving again, we could see the economy grow by one percent this year." Many private economists predict that Thailand's gross domestic product, which contracted 8 percent in 1998, will not grow this year.

On Tuesday, Thailand's central bank released statistics showing an increase of imports and manufacturing output, a sign that the economy may be bottoming, analysts said.

"I would not start jumping up and



Mr. Nimmanhaeminda, left, and Industry Minister Suwat Liptapallop at a press conference.

down yet," Mr. Redhead said. "But these numbers show the direction is at least positive."

As the economic difficulties persist, the government of Prime Minister Chuan Leekpai will face growing political pressure, despite praise for its reform agenda, said Srian Pietersz, chief strategist at Sricen Crosby Securities.

While the government recently pushed a set of economic reforms through Parliament, the slow pace of recovery has increased tensions among the eight members of the ruling coalition as middle-class confidence erodes and economic pain hits the country's rural hinterland.

Buoyed last year by record agricultural exports, Thailand's farmers, a constituency that accounts for the majority of the country's workforce and voters, now face sharply

## IMF Loosens Requirements

The tax rollbacks represent a 180-degree turn from Thailand's policy in late 1997, when the International Monetary Fund arranged a \$17.2 billion emergency credit package, Bloomberg News reported from Bangkok.

At the time, Thailand — with prodding from the IMF — raised taxes and interest rates to discourage consumer purchases. That included an increase in the value-added tax to 10 percent from 7 percent.

Another original term of the debt program required that the government have a budget surplus in 1999. The new policies allow Thailand to post a budget deficit of 6 percent of GDP this year.

The 1997 measures helped trigger

Thailand's worst recession in a generation, and with every quarterly review of the IMF program since, the strings on spending have been loosened. The IMF predicts the economy will rebound to a 1 percent gain in 1999.

"The measures will not be the government's last move to fix the ailing economy," said Finance Minister Tarin Nimmanhaeminda.

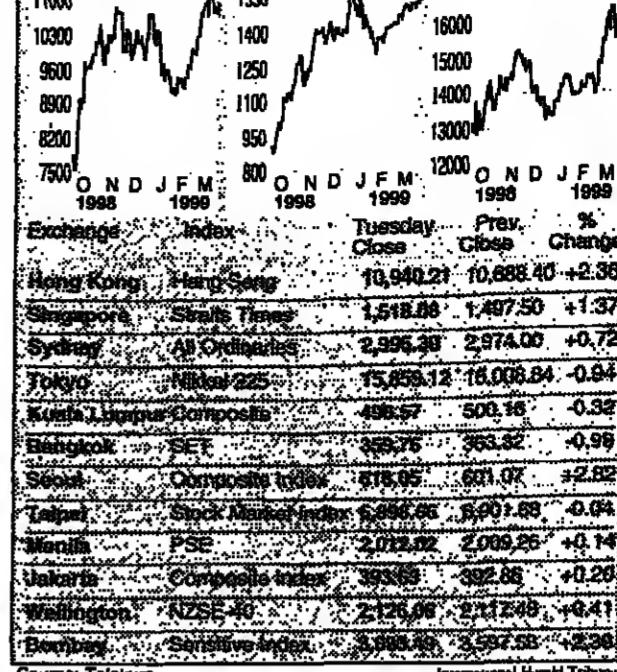
"There remain other urgent problems that need to be fixed, such as the recapitalization of banks."

The tax cuts "are one piece of a broader package needed to have a major impact on the economy," said Ron Frizzell, president of General Motors Thailand Ltd. "It's a good step, but will be more beneficial to selling soap or toothpaste" than big-ticket items such as cars or televisions, he said.

The run of deficits mirrors the recession in many East Asian countries, which has deprived Australian exporters of some of their biggest markets. Exports to the top 10 Asian destinations slid 8 percent in the eight months through February from a year earlier. South Korea, the No. 3 export market, suffered its worst recession ever last year, and Japan, Australia's biggest market, is bogged down in its worst recession in 50 years.

At the same time, commodity prices have fallen to their lowest since the early 1970s. Commodities comprise about 60 percent of Australian exports, about the same percentage that headed to East Asia before the financial crisis erupted in 1997.

## Investor's Asia



Compiled by Our Staff From Dispatches

**SYDNEY** — The trade deficit unexpectedly widened to a record in February, the government announced Tuesday, as Australia continued to spend on imports.

The trade balance on goods and services grew to 1.5 billion Australian dollars (\$952.5 million), an increase of 166 million dollars from January, the statistics bureau said.

Exports rose 1 percent, to 9.1 billion dollars, mainly because of overseas sales of Australian services, while imports grew 2 percent, to 10.6 billion dollars, because of a rise in purchases of goods such as food, beverages, household appliances, clothing, shoes, toys and books.

The result was much worse than many had expected. Economists had predicted that firmer exports combined with weaker imports would improve the trade balance.

But the government said the current-account deficit was in line with its forecasts. Treasurer Peter Costello said, "This is the kind of result you would expect if export prices are at 20-year lows."

Analysts said the numbers would fuel concerns that the current account deficit would swell and that interest rates would remain at present levels.

Annette Beacher, a senior economist at Citibank Ltd., said: "This guarantees that the current-account deficit will top 6 percent of GDP, a figure that's been haunting us since Asia's impact took bold," adding, that it would also "be taken as a sign that interest rates are on bold." The current-account deficit widened to 5 percent of gross domestic product in the fourth quarter of 1998.

The run of deficits mirrors the recession in many East Asian countries, which has deprived Australian exporters of some of their biggest markets. Exports to the top 10 Asian destinations slid 8 percent in the eight months through February from a year earlier. South Korea, the No. 3 export market, suffered its worst recession ever last year, and Japan, Australia's biggest market, is bogged down in its worst recession in 50 years.

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(Bloomberg, AFP)

Source: Telakus

International Herald Tribune

## Very briefly:

- Hyundai and Daewoo groups plan to cut debt without revaluing assets, bowing to government demands that they forsake price gains or face a loss of fresh credit.

- Nippon Telegraph & Telephone Corp. offered to beat Cable & Wireless PLC's bid of 100,000 yen (\$831) a share for International Digital Communications Inc. The new offering price was not disclosed.

- Matsushita Electric Industrial Co. will stop producing dynamic random-access memory chips for personal computers.

- Long-Term Credit Bank of Japan Ltd. had 2.65 trillion yen (\$22.05 billion) more in liabilities than assets when it was seized by the government last October, more than eight times the amount that regulators estimated last year.

- Bad loans for the Philippines' 52 commercial banks rose to about 12.1 percent of the industry total at the end of January, compared with 10.4 percent in December.

- Hutchison Whampoa Ltd. will pay \$243 million for a 51 percent stake in a joint venture to operate Jakarta's two main container ports for the next 20 years.

Bloomberg, AFP

## Seoul Account Surplus Widens

Compiled by Our Staff From Dispatches

**SEOUL** — South Korea's current-account surplus widened 23 percent in February from January, with companies importing less raw material and equipment as the economy bottomed out, the Bank of Korea reported Tuesday.

The current account, the broadest measure of the flow of goods, services and money, posted a \$2.34 billion surplus in the month on an international payment balance basis, up from a \$1.91 billion surplus in January, the central bank said. It was the 16th surplus in a row.

The Commerce, Industry and Energy Ministry expects the current-account surplus to fall to \$20 billion this year from \$40 billion last year. It is expected to shrink more as imports rebound.

(Bloomberg, AFP)

**ANA Says Its Loss for Year Will Be Twice the Forecast**

Compiled by Our Staff From Dispatches

**TOKYO** — All Nippon Airways Co. will report a loss for the year ending Wednesday that is double what the airline had forecast, an ANA spokesman said Tuesday.

The airline will post an operating loss, the first in 17 years, of about 11 billion yen (\$91.5 million), more than double the 5 billion yen loss

that was forecast, said the spokesman, who declined to be identified. Sales are estimated at 900 billion yen, down 1 percent from last year and 2 percent below forecast.

The nation's worst postwar recession has also sapped demand for leisure and business trips, reducing demand.

ANA said it had lost passengers on its most lucrative routes — be-

they have cut fares to fend off competition from domestic discount carriers and foreign airlines with lower costs.

Two Tokyo and Fukuoka in southern Japan and Tokyo and Sapporo in northern Japan — since new discount airlines began flying the same routes.

For the year starting in April, the airline is forecasting a small increase in pretax profit and flat sales. ANA shares closed Tuesday at 396 yen, up 6.

(Bloomberg, AFP)

**CHINA: Difficult Issues Remain in WTO Talks, U.S. Officials Say**

Continued from Page 1

American farm goods; the ability of banks, insurance companies and telecommunications companies to operate inside China, and access for industrial products.

The main negotiator on Ms. Barshefsky's staff, Robert Cassidy, will stay on for "a couple of days," the official said, and then talks are expected to continue later in Washington.

Commerce Secretary William Daley, who is in China on a trade mission, said Tuesday that while "very serious problems" remained in the negotiations, he was confident that agreement could still be reached by this fall. If China has not entered the WTO by then — when the organization will start a new round of global negotiations to redefine its rules — China's accession may be delayed for years, experts say.

The Chinese want the status that membership in the trade body would bring them, and they want the protections for their own exports that membership would also bring. But with rising unemployment and social unrest at home, and inefficient domestic industries already reeling, they have been reluctant to slash tariffs and other protective measures as quickly as Western countries demand.

The Clinton administration, under pressure from industry and a Congress increasingly suspicious of China, says it can only agree to "commercially viable" terms of entry.

While China's accession to the trade organization requires the consent of many countries, satisfying the United States is the most crucial step. The United States is concerned about a growing trade deficit with China, estimated at \$57 billion last year, and officials believe that lower tariffs in China would bolster American exports. At the same time, many American companies have also been frustrated by rules that severely limit their ability to invest or operate.

U.S. negotiators are also aware that, perhaps to an unusual degree, the success of an agreement depends on the



Trade Representative Charlene Barshefsky meeting with Prime Minister Zhu Rongji in Beijing on Tuesday to discuss WTO membership.

strong support of American business.

As anti-China sentiment rises in Congress, officials privately admit, no agreement can survive without enthusiastic corporate support and lobbying. Congress does not formally need to approve an agreement with China. But it would be required to rescind the law requiring annual renewal of China's "most-favored nation" status.

Specific details of negotiations were not released Tuesday, but some of the major American goals and areas of dispute have been described by American and Chinese officials and affected industries.

The insurance industry sees a vast potential in China for managing pensions as well as offering life, casualty, property, medical and other forms of insurance. Some 20 American companies already maintain offices in Beijing, awaiting a broad opening that has never come.

because of fears of a medfly invasion.

American officials say a lack of major progress on farm products will be a deal-breaker. But for several reasons, Chinese experts say — including concerns about food self-sufficiency and especially about the welfare of the country's restive farmers, who could lose out to cheap grain imports — major concessions will be difficult.

Mr. Daley said Tuesday that some of the biggest problems in the talks involved financial services such as insurance and banking.

The insurance industry sees a vast potential in China for managing pensions as well as offering life, casualty, property, medical and other forms of insurance. Some 20 American companies already maintain offices in Beijing, awaiting a broad opening that has never come.

Despite the disheartening numbers, many in Japan still believe the economy has hit bottom and should be on the mend over the next

NASDAQ

**Tuesday's 3 P.M.**  
The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.

NYSE

**Tuesday's 3 P.M.  
(Continued)**





## INTERNATIONAL INVESTING

# PEC Israel Holders Protest the Planned Delisting of a Possible 'Gem'

By Joseph Kahn  
New York Times Service

**NEW YORK** Even in a raging bull market, some New York Stock Exchange issues wail in neglect. A few, like dusty antiques in the attic, turn out to be gems.

PEC Israel Economic Corp., a holding company that has stakes in Israeli ventures, may be one such company. Management takes a low profile. Analysts ignore the company. The stock price has gone mostly downhill since the early 1990s. So forgotten is PEC that it is slated for extinction, with its largest shareholder preparing to buy up the remaining shares and delist it.

The delisting, however, comes as several PEC investments, including a stake in Cellcom Israel Ltd., Israel's largest mobile-telephone operator, are scheduled to go public and capture a market value that analysts predict will greatly exceed the amount that PEC says they are worth.

Discount Investment Corp., a company controlled by the Recanati family of Israel, is the majority PEC shareholder that wants to privatize PEC. By doing so, it would not have to share any future gains in the market value of PEC assets with other stockholders, dis-

granted shareholders contend.

The offer to privatize PEC was made several months after Goldman, Sachs & Co., the investment bank, paid \$78 million for a 9.5 percent stake in the Israeli holding company that controls Discount Investment. Goldman Sachs, jointly with Lehman Brothers, also happens to be a lead underwriter of Cellcom, which plans to list shares in the United States shortly.

Minority PEC shareholders have filed lawsuits to block the deal, contending that the offer substantially undervalues the value of the investments PEC has made over the years. Unless the suits prevail, the delisting is a done deal, because Discount Investment already holds an 80 percent stake in PEC. Shareholders were to vote on the proposal at a shareholder meeting Tuesday in New York.

Some shareholders see the demise of PEC as an ignominious end to a company founded in 1926 by Justice Louis Brandeis of the U.S. Supreme Court. He and other Zionists established the company to support Palestine when Jews there had difficulty raising money for even the most basic necessities.

In fact, until the Israeli stock market boom of the 1990s made it easier for Israeli companies to raise capital, PEC

was run as much as a charity as a corporation. Its stock is still widely held by Jews, who once regarded it as much as a donation as an investment.

"This company was never supposed to be about squeezing every last dime out of shareholders," said Murray Greenfield, a 72-year-old retired Israeli broker who sold PEC stock to Jewish visitors to Israel in the 1960s. "It was about building Israel. If Brandeis woke up today, he would not be the happiest man in the world. I can tell you that."

Discount Investment stock has been on a tear, with shares rising from less than 80 shekels, or about \$19, at the time it offered to buy the shares of PEC if it did not already control last autumn to more than 140 shekels in recent days, an all-time high. PEC shares on the New York Stock Exchange, which closed Monday at \$29.6875, rose in December when Discount Investment made its \$30-a-share offer, but are still well below 1993 highs.

For more recent shareholders, PEC's privatization is a fresh lesson about the risks of investing in undervalued companies. Some investors said they snapped up PEC stock in recent years because the price fell far below the level at which analysts estimated the value of its underlying investments. These investors

were hoping PEC would eventually enjoy a run-up in the value of Israeli companies that went public after the 1993 peace accord with the Palestinians.

Like PEC, some investment holding companies trade at a discount to the book value of their underlying assets, especially when management is indifferent. But PEC's discount — more than 46 percent, according to an estimate made by an analyst at Lehman Brothers late last year — was large enough to make PEC a prime target for investors seeking the most undervalued companies on the U.S. stock market.

"The pity is that this is happening just as some of PEC's investments are just about to take off," said one large shareholder who declined to be identified because his company has legal action pending. Among the largest minority shareholders are mutual funds run by Credit Suisse Asset Management and Vanguard Group.

PEC's management team, which includes two members of the Recanati family, declined to comment through a spokesman on the lawsuits or the buyout offer, citing Securities and Exchange Commission regulations that they say prohibit them from speaking publicly while the offer is pending. Goldman Sachs, which stands to benefit if the

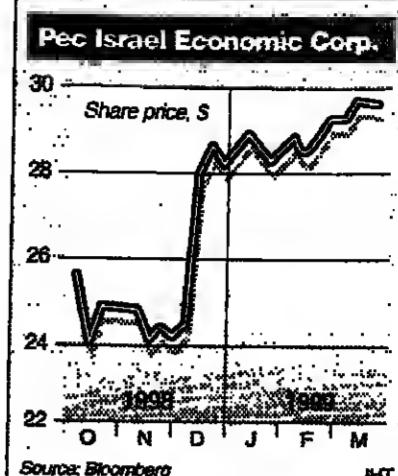
Recanatis have their way at PEC, also declined to comment.

But in documents, the company says that the \$30-a-share purchase price for the PEC shares that Discount Investment does not already own is fair, pointing out that the price is 32 percent higher than what the shares were fetching before Discount Investment made a bid.

Late last year, PEC management hired Merrill Lynch & Co. to appraise its value. After Merrill's review, Discount Investment raised its bid to \$30 a share from \$25.50. Merrill called the \$30 price fair, a fact that PEC officials said validated the latest offer.

But some shareholders fault Merrill for collecting as much as \$625,000 from PEC in fees if the deal flies but failing to extract from PEC management the sort of information Merrill normally seeks to judge the fairness of a deal. Merrill acknowledged in its fairness opinion, for example, that it did not have access to the management of Cellcom, the mobile-phone operator that many consider to be the portfolio's hidden jewel.

"We have not been afforded the opportunity to meet with the management of Cellcom Israel, the company's largest single holding, and thus have not been able to discuss with such management the business prospects of



Cellcom," the Merrill review states. Israeli newspapers have reported that Cellcom plans to go public in the United States this year. Merrill Lynch and Goldman Sachs competed for the right to underwrite that company's shares, which are expected to generate considerable investor interest because of Cellcom's rapid growth and its status as the No. 1 provider of mobile-phone service in Israel, itself a leader in per-capita use of cellular telephones.

## Investors Stand by Kodak After Company Opts for Candor in Earnings Forecasts

By Claudia H. Deutsch  
New York Times Service

**NEW YORK** — Eastman Kodak Co., worried that analysts were ignoring the information cautions it had been sounding about its first quarter, has turned up the decibel level.

In a radical departure for the traditionally secretive company, Kodak warned Monday that its first-quarter earnings would come in below many analysts' expectations but gave detailed, much rosier, forecasts for the rest of the year.

Investors, who have time and again dumped Kodak's stock on the slightest whisper of negative news, broke with tradition, too. Although several analysts lowered their first-quarter estimates after the announcement, Kodak's shares

held firm, rising 37.5 cents to close at \$65.625.

"I just don't think the lower first quarter will have any bad implications for the year," said Jack Kelly, an analyst with Goldman, Sachs & Co. whose view was widely echoed by other analysts.

In its announcement, Kodak reaffirmed its prediction that its 1999 earnings would come in at \$4.81 to \$5.24 a share, or 10 percent to 20 percent more than the \$4.37 a share it made last year. But it warned that the improvements would not show up immediately.

Specifically, Kodak predicted earnings of 73 cents to 80 cents a share for the first quarter, below the Wall Street consensus of \$82 cents. But it said its second-quarter earnings would bounce back to between \$1.50 and \$1.59 a share.

Although the news sent analysts scrambling to adjust their own quarterly forecasts, most accepted Kodak's statement that the year remained promising and retained "buy" recommendations on the stock.

"If their estimates are right, then at 13 times earnings, this is still a cheap stock," said B. Alexander Henderson, an analyst with Prudential Securities Research.

Kodak does face problems in the first quarter. The strong dollar and shaky economies continue to take their toll on its overseas sales. Kodak remains under intense competitive pressures in its film business, and it is running into extra costs associated with its acquisition of Imation Corp.'s medical business in August.

But Kodak has just sold its cash-

draining copier business to Heidelberger Druckmaschinen AG, shedding a unit that lost \$15 million last quarter and will probably lose \$10 million in this one.

Kodak's cost-cutting programs are ahead of schedule, and it has moved some manufacturing operations to low-cost areas such as China.

"There's definitely good reason to believe that the second half will be better than the first," said Robert Stein, an analyst at Merrill Lynch & Co.

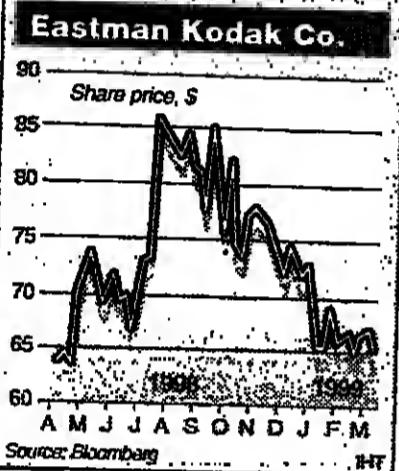
Even more heartening to analysts is that Kodak's film sales, while not soaring, have remained strong, and sales of the company's digital products are picking up.

"The top line just doesn't look so daunting anymore," said Jonathan Rosenzweig, an analyst with Salomon

Smith Barney. Kodak's new openness with its numbers seems to prove yet again that there is no zealot quite like a recent convert. Until recently, Kodak's managers steadfastly refused to forecast anything, maintaining variously that they feared lawsuits if they were wrong and that forecasting was the analysts' job, not theirs.

"If the answer wasn't a matter of public record, they simply did not answer the question," said Ulysses Yanas, an analyst with Mercer, Bokert, Buckman & Reid.

Analysts welcome the changed attitude. "Kodak is finally realizing that its stock has been penalized for the uncertainty that has historically surrounded its earnings," said Michael Ellmann, an analyst with Schroder & Co.



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**WORLD ROUNDUP**

**Lara Hits Century**

**CRICKET** Brian Lara made a century Tuesday as the West Indies reached 234 for five wickets in its second innings on the final afternoon of the third test against Australia. Lara was 101 not out and had shared an unbroken partnership of 129 with Jimmy Adams (34 not out) as the host chased a victory target of 308 runs. (Reuters)

**Tour Drug Probe Widens**

**CYCLING** Roger Legeay, the president of the French League of Professional Cycling and sporting director of the Credit Agricole team, and Richard Virenque, a rider, have been placed under investigation by Patrick Keil, the judge investigating the doping scandal that broke during the 1998 Tour de France. Gerald Vinsonneau, an assistant prosecutor, said Tuesday.

Legeay was questioned Monday in Lille. He was being investigated for "complicity in facilitating and inciting use" and "administration to others of doping substances." Vinsonneau said. Virenque, who rode for Festina in 1998, has been told he was suspected of "complicity in helping others to obtain and use illegal performance-enhancing substances." (AP, AFP)

**Moncrief Hired as Coach**

**BASKETBALL** Sidney Moncrief, the former NBA star, was hired Tuesday as the coach at Arkansas-Little Rock. Moncrief, who owns an automobile dealership in suburban Little Rock, has never coached before. Moncrief played college basketball at nearby Arkansas and led the Razorbacks to the NCAA Final Four in 1978. (AP)

**Referee Jailed for Killing**

**ICE HOCKEY** A former ice hockey referee and five accomplices were found guilty Tuesday of the 1997 contract killing of the head of the Russian ice hockey federation. A Moscow court sentenced Alexander Artemyev, 44, who planned the murder of Valentin Sych, to 15 years in prison. Artemyev said he acted as an intermediary.

Vyacheslav Pchelintsev, 30, a hired killer, received 19 years for firing a score of automatic rounds that killed Sych. (Reuters, AFP)

**Radja Comes to the Rescue**

**BASKETBALL** Dino Radja, a Croatian center for Panathinaikos, came to the defense of his club's Serbian-born coach Leferter Soubotic, and punched the team owner's son after the last game in the Greek regular season Sunday.

After he saw a supporter slapping Soubotic, a Greek citizen, Radja chased and punched Dimitris Yiannakopoulos, 24, not knowing he was the president's son. Yiannakopoulos said he was angry because Panathinaikos failed to take first place in the standings. Panathinaikos beat league leader Olympiakos, 59-56, but needed a bigger victory to take first place. Radja apologized and the club said Tuesday there was "no problem." (AP)

**Losers 'Proud,'  
But as for the  
Oddsmakers...**

By Michael Wilbon  
*Washington Post Service*

**S.T. PETERSBURG, Florida** — We all should have learned this lesson a long time ago. Championships aren't declared, they have to be earned. Proclamations didn't get Patrick Ewing's Georgetown past Villanova or Houston's Phi Slama Jama past North Carolina State.

Being declared the overwhelming favorite, all but awarded the game in the

**VANTAGE POINT**

court of public opinion, couldn't get Duke past Connecticut on Monday night, either. We owe the Connecticut Huskies a collective apology.

Saturday, after Duke and Connecticut emerged victorious in their semifinals, somebody asked John Wooden if he would make a prediction. The man who led UCLA to 10 NCAA titles said: "There's no question Duke is the better team."

Then, he paused for emphasis, and said: "That doesn't mean Duke will win. They'd beat anybody in a seven-game series, but it's only one. It's just one. That's what makes it so much fun."

Wooden looked around with a twinkle in his eye and said: "It's only one."

What a "one" it was. The final championship game of the century had everything you'd hope a title game would have. Nobody slowed it down, or jerked it around. There were no gimmicks or tricks or newfangled tactics. Two dead-even teams played as evenly as possible for 40 minutes, should be the case with a pair of No. 1-seeded teams who had lost a total of three games between them.

"I've been involved in a bunch of terrific games," said Mike Krzyzewski, the Duke coach. "I'm proud of being involved in this game. I'm not going to be down about this game."

The game and the season came down to two end-of-game chances for Duke, with the best shooter in college basketball, Trajan Langdon, isolated against probably the best defensive guard in college basketball, Ricky Moore. Defense won, so Connecticut won.

Langdon had precious little help all night from his teammates, all nonshooters who played a little timidly, especially on



Connecticut's Ricky Moore going up for a score in the game's first half.

those final possessions. William Avery, a sophomore guard, missed all seven of his second-half shots. Shane Battier, a sophomore forward, had only two buckets all night. Corey Maggette, a freshman, didn't make a shot in the second half. Langdon and his 25 points were all Duke had, which isn't enough against a team as fine as Connecticut.

Richard Hamilton of Connecticut matched Langdon stroke for stroke, and got just enough help from Moore and point guard Khalid El-Amin.

The word "upset" is inappropriate to describe what happened. Since when did Connecticut, after going 33-2, become chopped liver? It was insane to expect Duke to beat so worthy an opponent in a blowout.

Krzyzewski is a masterful coach, the best in the business. But Jim Calhoun is just a step behind him. In November, when the season started, Calhoun began keeping scouting notes on teams such as Duke and Cincinnati on blue cards.

Four months later, he put together a game plan that smartly took away several of the things Duke likes to do.

The Duke players also seemed overeager on offense, attempting uncharacteristic and wild drives to the basket that allowed the Huskies to knock four shots by intermission. The Huskies kept their energy level up all night, in part because Calhoun canceled practice Sunday and simply had his players shoot around and listen to some very specific instructions. He and Coach K hadn't left any detail unchecked, and the players responded accordingly, which is about the only way you get these kinds of games.

Two even teams — that is what we had on the final night of the college season. Anybody who thought Duke was 10 points better than Connecticut hadn't been paying attention.

But even Calhoun said that his team beat the best tonight. All the people who talked about how good Duke was, I don't blame 'em. I was leading the parade in saying how good Duke was. Like our guys said, we played the right team. The two best teams in the country played tonight."

That's the part too many folks ignored in the first place.

**Two Turnovers in Final Seconds  
Seal 77-74 Upset for Huskies**

By Joe Drape  
*New York Times Service*

**S.T. PETERSBURG, Florida** — There were 5.2 seconds left on the clock, and Duke, the team thought to be unbeatable, was about to be beaten.

A pudgy sophomore named Khalid El-Amin had just hit two free throws to put Connecticut up by 3 points, and the ball was in the hands of Duke's Trajan Langdon, a senior who had been waiting five years to win a championship. Langdon dribbled down the court, hounded by a senior named Ricky Moore as he had been all night.

Moore swiped. Langdon fell. The ball rolled on the floor at Tropicana Field. And then so did the Connecticut Huskies. First El-Amin. Then Richard Hamilton. Then Kevin Freeman and on and on.

Connecticut, the team that was considered too soft, too inexperienced in tournament play, had just won its first National Collegiate Athletic Association men's basketball championship, defeating top-ranked Duke on Monday night by 77-74.

"Everybody considered us underdogs," said Hamilton, who was named the Final Four's most valuable player after scoring 27 points in the game and grabbing 7 rebounds. "We took it upon ourselves to take the credit at the end."

It was deliverance for a Connecticut basketball program that was one of the nation's best over the past decade but until this year had never reached the men's Final Four. And it was personal redemption for Jim Calhoun, one of the nation's most successful coaches in his 13 seasons at Connecticut but without a championship until now.

In bringing its title to the campus in Storrs, Connecticut, the men's team, ranked No. 3 in the nation at the end of the regular season, matched the feat accomplished by the Connecticut women's team in 1995.

Connecticut, finishing at 34-2, upset a Duke team that went 37-2 and was seeking its third NCAA title of the 1990s.

Langdon sat there and watched helplessly at game's end. His 25 points and heroic effort were overshadowed by two turnovers in the closing seconds. Instead of a college basketball team for the ages, the Blue Devils were now just supertalented runners-up.

When Langdon nailed a 3-pointer with 1:42 left, his 25th point of the night, to cut the Connecticut lead to 73-72, the Blue Devils slapped the floor in the program's signature cry for defense.

It had been a brawl with every possession contested and each team showcasing talent in college basketball's premier game.

El-Amin ignored the Blue Devils' call — as the shot clock ticked off to just three seconds — and launched a one-hander from the left baseline to put the Huskies up by 75-72. But Moore, who clawed all night, was called for holding William Avery as he swung from the screen. The sophomore calmly sank both free-throws to make the score 75-74.

The Huskies gave the Blue Devils one last chance. El-Amin forced an eight-footer from the left lane and Duke had the

ball. Langdon went after Moore one last time, taking the ball from beyond the arc and backing his way toward the basket. He spun inside, Moore glued to his hip, and took an extra step. With 5.4 seconds left, he was called for traveling.

"It was crunch time," said Moore. "We had 13 points, all in the first half." I knew it was me against him."

Langdon said: "I just wanted to make a move. I've been in that situation a ton of times. I wasn't thinking about the clock. I might have traveled. I might not have."

After Langdon's violation, El-Amin hit his foul shot. Langdon lost the ball as time ran out and Connecticut had the title.

"The ball was in our best player's hands with an opportunity to win the game," said Mike Krzyzewski, the Duke coach. "And that's the way it should be. They played good defense — that's it."

El-Amin had 12 points as the Huskies shot 52.5 percent. Langdon's 25 and Elton Brand's 15 led the Blue Devils, who shot only 41.1 percent.

It was a long time coming for Calhoun, who waited 27 seasons — 14 at Northeastern and 13 at Connecticut — and experienced three heartbreaking losses in regional finals to get here.

After a furious first half that featured six lead changes and seven ties, Duke took a 39-37 lead into the locker room. Hamilton was brilliant as he twisted through the lane and scored 11 first-half points. Connecticut's defensive effort was stifling, holding the Blue Devils to 43 percent shooting and pounding them on the boards, 20-13, in the half.

Moore, the Huskies' vaunted defender, demonstrated a fierce will to share the limelight with Hamilton and El-Amin, scoring 13 first-half points in electrifying fashion. He bombed from the 3-point line, burst around his old high school teammate, Avery, and soared over Shane Battier for a finger roll and capped his half with a reverse, fall-away bank shot over the lunging Brand.

On the defensive end, he was just as determined, making Langdon work for each of his six shots on his way to 12 first-half points. But Langdon, an all-American, showed why he is a feared shooter by sinking 3 of 5 from beyond the 3-point arc, including one over Moore that resulted in a 4-point play and gave the Blue Devils their halftime lead.

The Langdon-Moore duel remained intense as Langdon came out in the second half and scored the Blue Devils' first 5 points, including a 3-pointer with Moore chin-to-chin with him. When Avery blew by El-Amin and dumped the basketball to Brand, the Blue Devils had equaled the game's biggest lead at 5 points, 46-41.

When El-Amin picked up his third foul and went out with 17:17 left, the Huskies dug down for a burst of energy rather than roll over. Over the next 5 minutes, they turned a 5-point deficit into a 4-point lead as Hamilton jetted through the middle of the lane for 5 acrobatic points.

"They broke our defense down," said Chris Carrwell of Duke. "No one has done that to us this year. They hustled us and beat us on loose balls."

**Hawks Again Claw League-Leading Pacers**

*The Associated Press*

**INDIANAPOLIS** — The Indiana Pacers have the best record in the National Basketball Association's Central Division. It would be even better if they didn't have to play the Atlanta Hawks.

The Hawks have won all three meetings with the Pacers this season, including an 83-82 victory Monday.

"Every game we've had the lead and haven't been able to close it," said Larry Bird, the Pacers' coach. "Hopefully, we can bounce back from this fiasco." Anthony Johnson, making his first start for Atlanta, scored a season-high 17 points and Grant Long made two free throws

with 3.4 seconds left as the Hawks won their fifth straight game.

Johnson filled in for Mookie Blaylock, who had the flu. Dikembe

**NBA Roundup**

Mutombo had 14 points and 17 rebounds for the Hawks, who overcame a 10-point deficit in the final eight minutes and held Indiana to a season-low 14 points in the last quarter.

Nuggets 100, Clippers 88 Antonio McDyess had 24 points and 15 rebounds and Chauncey Billups added a season-high 24 points as Denver put an end to a

four-game losing streak.

The visiting Los Angeles Clippers shot 37 percent from the field against a Denver team ranked next-to-last in the league in field-goal percentage defense.

Lakers 116, Grizzlies 98 Shaquille O'Neal scored 26 points and Glen Rice had 12 of his 24 in the fourth quarter as Los Angeles pulled away to beat visiting Vancouver.

Dennis Rodman had 17 rebounds for the Lakers.

Supersonics 109, Mavericks 101 Gary Payton and Detlef Schrempf each scored 20 points as Seattle won at Dallas.

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## POSTCARD

## Divine Intervention

By Clifford Krauss  
New York Times Service

**COPACABANA**, Bolivia — They drive from all over Bolivia, Peru and even northern Argentina to this remote town on the shore of Lake Titicaca — taxi drivers, truck drivers and other motorists seeking a priest's blessings for protection against drunken drivers, landslides, bad brakes and broken axles.

Every morning and afternoon, but particularly on Sundays, Copacabana's central plaza becomes a jammed parking lot of rattletrap buses and minivans splattered with mud from long, arduous journeys through the Andean highlands.

The drivers drape their side-view mirrors and bumpers with colorful ribbons and bushels of pink and white gladioli. They sprinkle their hoods with the petals of white roses. Then they give their tires a spritz of Bolivian champagne, beer or, for those on a budget, mineral water.

The pilgrims don't drive home until one of six Franciscan priests sprinkles holy water on their dressed-up vehicles and says a prayer asking for divine intervention against everything from accidents to faulty directions and gas shortages.

"This is better than car insurance," said Mario Kempy Avelo, 23, who drove his new minivan from La Paz as part of his preparations in starting a taxi business. "I can't afford any accidents, so I came as an act of faith."

No one keeps exact statistics, but Bolivian experts on folklore say the number of motorists who make the pilgrimage to this town 12,000 feet (4,000 meters) above sea

level every year easily reaches into the tens of thousands.

The popularity of the pilgrimage makes it the most important source of income for this town of 5,000 people. Banks stay open on Sundays to accommodate travelers. Indian women selling miniatures of the Virgin Mary, flowers and other items do a brisk business.

□

The custom of driving to Copacabana as a religious rite began in the 1950s, when a sweeping government land redistribution program put money in the pockets of the rural masses and created a new class of drivers. But the ritual has its roots much further in the past, with the ancient Aymara and Inca Indians.

The town's holiness originated from its proximity to where the ancient Andean Indians believed the universe was created: on the Island of the Sun, a short boat ride from the town's rocky beach. The Indians came to Copacabana from throughout South America's central highlands — journeys that sometimes lasted months — to sacrifice white llamas and vicunas to their gods.

When the conquistadors arrived in the mid-16th century, the Spaniards first tried to ban the Indian rituals as unsavory paganism, and they covered Indian idols in the center of Copacabana with a huge Moorish-style cathedral graced by tile domes that still glisten in the sun.

The so-called Virgin of Candelaria, which is today lodged above the Copacabana cathedral's altar, remains one of the holiest relics in all of South America — and, naturally, a must visit for all the drivers who come here for divine guidance and protection.

By Edward Rothstein  
New York Times Service

**NEW YORK** — During an unusual course in philosophy and literature that Earl Shorris was teaching for the poor and homeless, a student who had a history of violent behavior telephoned him.

The student had become so angry with a colleague, he reported, that he wanted "to smash her up against the wall." Shorris feared the worst. Was this a call from jail? No, because instead of striking outward, the student had reflected inward and asked himself, "What would Socrates do?"

Not even a university provost, I imagine, would raise such a question in the heat of confrontation. But in his 1997 book on American poverty, "New American Blues," Shorris also tells of prisoners in a maximum-security prison reading Boethius' "Consolation of Philosophy," and of yet another prisoner who recommended that Shorris take his homeless students to museums and teach them Plato's "Allegory of the Cave."

It is startling to read about lives that have been ruined by criminal choices, crippling addictions, disturbed minds or accumulated misfortunes being so touched by Great Books and High Art. But Shorris has been proselytizing for their potential for salvation for some years, and earlier this month, The New York Times reported that his initial 1995 class, which was created after intensive screening of candidates, has now become a model for a five-year multistate program run by Bard College.

The irony is that all this is taking place in a period when so much energy has been expended in universities to undercut the authority of the very material Shorris is promoting to the imprisoned and the homeless: Plato and Aristotle, Euripides and Pericles, William Blake and symbolic logic. As he makes clear in his book, one of the inspirations for his enterprise was the educational philosophy of Robert



Todd Heisler/The New York Times

Ellen Shore, Michael Newton and Steve Fallon, a professor, in a classics' course at Notre Dame.

Maynard Hutchins in the 1950s at the University of Chicago, where Shorris says he received "the best education in America." The undergraduate degree required 14 year-long required courses and allowed only two electives.

But even the University of Chicago has long since left behind such rigors, and is now trying to shed its *monastic* reputation still further, increasing electives, decreasing requirements and marketing itself as a more fun place. Shorris is advocating a more serious approach for the poor than is often considered necessary or appropriate for college students.

But he is also not the best advocate for such an enterprise. He sees, he says, to use the humanities for political purposes. Thus, he first awakens a sense of resentment among the students. "You've been cheered," he says. "Rich people learn the humanities; you didn't." And the humanities have a use, he says. They help people become political, teaching them how to use legitimate power: "If you want real power, the kind that comes from the people and belongs to the people, you must understand politics; the humanities will help."

This does of course skew the ways Plato or Aristotle might be read or museums might be visited, and the poor have been learning the humanities for generations at public universities. Shorris's approach risks turning all readings into power lessons, turning philosophical texts into variations on Machiavelli for the disenfranchised.

And to put it mildly, Shorris does not always inspire the greatest of confidence with his own interpretations. He argues, for example, that the study of the humanities should, politically, "belong to the left" because the study of the humanities "is in itself a redistribution of wealth."

He engages in a series of egregious misreadings of recent texts, distorting, for example, a passage from Allan Bloom's controversial book, "The Closing of the American Mind" that seems very clear.

Bloom, who was attacking university culture, explained that his experience was with students who had the luxury of pursuing a liberal-arts education, who were "raised in comfort and the expectation of ever-increasing comfort." Those very

comforts, Bloom suggested, actually contributed to a cursory understanding of the world.

Yet Shorris states that Bloom believed that only the wealthy are "fit for a liberal education," that such an education should be withheld from the poor. One can argue with things Bloom said, but not with this, which Bloom did not say.

It may also be that Shorris is such a good teacher that his motivations matter less than his ability to make the texts resonate with the students' experience. Plato's cave may really be the best analogy. Recall that cave: Prisoners are underground watching shadows dancing on the walls. They create elaborate theories about their shadow universe. They construct crude notions of the world.

Then one day they see the source of the light in a cave fire and realize they have been contemplating illusions. The task of philosophy is to show eventually that even fire is just a distant image of a finer light. The philosopher leads the prisoners out of the cave into the light of the sun. At each stage of the way, the prisoners understand their world according to the limits of their experience.

The greatest books will reveal the flickers of the fire, leading the student into new understandings. But they do not provide a final answer; rather, they provide ways of thinking. They do not answer an ideological call; they undermine it.

Shorris's political appeal may just be the inadequate first step, taking place within the cave. Once hooked by such habits of thought, though, readers might be led by these books and their teachers to go further.

What powerful idea it is: to engage those who are most wounded and most wounded in a project of moral, social and intellectual illumination! The puzzle is why this approach to Great Books, however skewed an inspiration, is now becoming established at the cave's darkest corners, hurt viewed with increasing skepticism by institutions supposedly thriving in the sunlit, open air.



Isaac Stern will teach young musicians in Cologne for a week.

**T**HE violinist Isaac Stern is in Germany for the first time since he was there as a U.S. soldier a half-century ago. The 78-year-old virtuoso will not be performing but will give master classes to young musicians. "I have a responsibility to pass on to the next generation what I learned from my teachers," he said. "It keeps me young and reminds me where I came from. Teaching young artists is like giving water to a flower." Stern was born in Russia but moved to the United States with his parents who he was a baby and is an American citizen. He is the president of Carnegie Hall.

**D**avid Hoffman, chief of The Washington Post's Moscow bureau, has been named the winner of the SAIS-Novartis Prize for Excellence in International Journalism for a group of articles detailing the legacy of the Soviet military-industrial complex in post-Communist Russia. The annual \$15,000 prize was established in 1995 by the Paul H. Nitze School of Advanced International

Studies at Johns Hopkins University and supported by a grant from Novartis Ltd.

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ical Center in Mission Viejo, California, into the care of his family, a hospital spokeswoman said. He fell at his San Juan Capistrano home on Jan. 28.

A grand jury in Tennessee will investigate whether George Jones should be charged in a car wreck in which he was critically injured. The district attorney of Williamson County, Ronald Davis, said: "There are enough open questions in this case" that a grand jury should hear all the evidence. The country singer lost control of his sport utility vehicle and crashed into a bridge on March 6. His family said he was talking on a cellular phone at the time of the crash, and the Tennessee Highway Patrol said a half pint of vodka, less than half full, was found under the passenger's seat of his vehicle. Jones suffered a punctured lung and lacerated liver.

The actor Rodney Grant has pleaded guilty to failing to pay child support. Grant, who played Wind in *Wind in My Hair* in the 1990 movie "Dances With Wolves," was indicted in January for failing to pay child support to Christina Mesa, the mother of his three teenage children. The indictment said that Grant had made only one child-support payment since August 1992, despite having earned more than \$685,000 from 1992 through 1997. Grant is scheduled to be sentenced in federal court on June 21.

## The Return of Hannibal the Cannibal

New York Times Service

**N**EW YORK — Hannibal the Cannibal is back. Hannibal Lecter, the flesh-eating villain of Thomas Harris's 1988 novel, "The Silence of the Lambs," will continue his adventures in a sequel, "Hannibal," delivered unexpectedly last week by Harris to his publisher, Delacorte Press.

The novel is being rushed into print, said Harris's editor, Carole Baron, who is president and publisher of Dell Publishing. (Delacorte Press is Dell's hardcover imprint.) Baron said the book, which took Harris 10 years to write, would go on sale June 8.

Baron said the manuscript was about 600 pages long and would be about 480 pages in print.

"Although I had been discussing it with Tom for the past few years," she said, "I resisted asking when he was going to finish it."



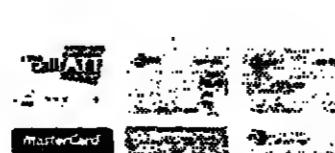
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